

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of:

Friends of Lane Evans and Samuel M.
Gilman, as treasurer

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GENERAL COUNSEL'S BRIEF

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I. STATEMENT OF THE CASE

This matter originated with a complaint filed by the Rock Island County Republican Central Committee that alleged that U.S. Representative Lane Evans (IL-17) and his authorized committee, Friends of Lane Evans ("the Evans Committee"), violated the Federal Election Campaign Act of 1971, as amended ("the Act").¹ The complaint alleged that in 1998 and 2000, the Evans Committee was the beneficiary of extensive coordinated activities undertaken by various state and local Democratic party organizations in Illinois, including the 17th District Victory Fund ("the Victory Fund") and the Rock Island County Democratic Central Committee ("the Rock Island Committee"). On August 27, 2002, the Commission found that there is reason to believe that the Evans Committee violated 2 U.S.C. § 441a(f) by accepting excessive, in-kind contributions.

The Office of the General Counsel has investigated the allegations, examined documents, and interviewed or deposed key witnesses in this matter.² This investigation has established that the Evans Committee did not comply with the Act's prohibitions and limitations on funds used in connection with federal election activity. With regard to the Evans Committee's relationship to the Victory Fund, the violations arise from either of two alternative theories: first, that the Victory Fund and the Evans Committee are affiliated and exceeded a shared, single contribution

¹ All of the facts relevant to these matters occurred prior to the effective date of the Bipartisan Campaign Reform Act of 2002 ("BCRA"), Pub. L. 107-155, 116 Stat. 81 (2002). Accordingly, unless specifically noted to the contrary, all citations to the Act or statements of law regarding provisions of the Act contained in this report refer to the Act as it existed prior to the effective date of BCRA. Similarly, all citations to the Commission's regulations or statements of law regarding any specific regulation contained in this report refer to the 2002 edition of Title 11, Code of Federal Regulations, published prior to the Commission's promulgation of any regulations under BCRA.

² In response to the Commission's subpoenas, the Evans Committee and other respondents submitted thousands of pages of documents. Documents relied upon in this Brief are cited as Exhibits, which were used in depositions taken in this matter. A listing of Exhibits cited in this Brief, as well as their corresponding Bates numbers, can be found in Appendix C to this Brief.

1 limit; or second, that the Victory Fund and the Evans Committee are not affiliated and the Evans
2 Committee accepted excessive, in-kind contributions from the Victory Fund

3 Additionally, regardless of its relationship to the Victory Fund, the facts have shown that
4 the Evans Committee accepted excessive, in-kind contributions from the Rock Island
5 Committee. The investigation has further established the Evans Committee accepted
6 contributions through both the Victory Fund and the Rock Island Committee that were made
7 with prohibited union funds. Therefore, this Office intends to recommend that the Commission
8 find probable cause to believe that the Evans Committee violated 2 U.S.C. §§ 441a(f), 433, 434,
9 and 441b.

10 II. SUMMARY OF THE RECORD

11 In the 1998 and 2000 general elections, Representative Lane Evans faced competitive,
12 expensive, and high-profile challenges in the 17th Congressional District of Illinois, a seat to
13 which he was first elected in 1982. In both elections, Rep. Evans received critical assistance
14 from the 17th District Victory Fund, a political committee with federal and nonfederal accounts.
15 Rep. Evans's campaign manager created the Victory Fund in 1997, a time when Rep. Evans said
16 he faced "the political fight of my life."³

17 The Victory Fund, which is registered with both the Commission and the State of Illinois,
18 purports to be a local party committee that assists all Democratic candidates in Rep. Evans's
19 district. Yet the facts have shown that the Victory Fund has no relationship to the Democratic
20 Party of Illinois and instead has functioned as an auxiliary of Rep. Evans's principal campaign
21 committee. Between 1997 and 2000, the Victory Fund spent less than one half of one percent of
22 its half-million dollar budget on direct disbursements to local candidates and committees. The

³ Ex. 79 (brochure from Strategic Consulting Group, a consultant to the Victory Fund in 1998 and 2000, touting the benefits of its services to candidates)

1 remainder of the Victory Fund's expenditures were devoted to joint federal and nonfederal
2 activities that benefited Rep. Evans. Overall, the evidence demonstrates that the Evans
3 Committee used the Victory Fund to obtain hundreds of thousands of dollars in both federal and
4 nonfederal funds that would have been prohibited or excessive if received by the Evans
5 Committee itself.

6 The Victory Fund was not the only organization to devote significant resources to Rep
7 Evans's reelection efforts. In 1998, the Rock Island Committee, a local party organization that is
8 not registered with the Commission, produced campaign materials and public advertising that
9 expressly advocated the reelection of Rep. Evans. The facts have shown that these expenditures
10 exceeded \$1,000, were coordinated with the Evans Committee, and were never reported to the
11 Commission.

12 The following factual background first explains how the Evans Committee created the
13 Victory Fund, highlighting the differences between the Victory Fund and other local party
14 organizations in Illinois. Second, it discusses how the Evans Committee helped the Victory
15 Fund raise money. Third, it demonstrates how the Victory Fund conducted its activities in
16 concert with the Evans Committee. Finally, it summarizes how the Evans Committee worked
17 with the Rock Island Committee to further assist Rep. Evans's candidacy. Throughout this
18 factual background, the following individuals and groups are prominently discussed:

- 19 • **Eric Nelson:** the full-time, year-round campaign manager and assistant treasurer for
20 the Evans Committee who interacted with the Victory Fund on a daily basis;
- 21 • **Mimi Alschuler:** a longtime fundraising consultant to the Evans Committee who
22 was also hired by the Victory Fund to be its fundraising consultant;
- 23 • **Connie Engholm:** a longtime volunteer to the Evans Committee who also served as
24 treasurer of the Victory Fund,
- 25 • **John Gianulis:** the full-time chairman of the Rock Island Committee who also
26 served as nominal chairman of the Victory Fund, and

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- **Strategic Consulting Group:** the professional consulting company that the Victory Fund hired to administer professional field operations in the 17th Congressional District that were popularly known as “campaign schools.”

A. The Victory Fund's Creation

The Victory Fund's creation can be traced back to election night in 1996. From the moment the results were announced that night—with Rep. Evans's margin of victory lower than expected—the Evans Committee knew that the Republican Party would make Rep. Evans one of its top targets to unseat in 1998. *See* Nelson Tr. at 106-07. The Evans Committee's year-round campaign manager, Eric Nelson, immediately took action. He organized meetings with county chairmen, party leaders, and elected officials to analyze the last campaign and discuss what needed to be done for the upcoming election. *See* Nelson Tr. at 66-68. At these meetings, Mr. Nelson discussed methods to “help the local parties build stronger organizations so that Lane would be successful in the 1998 campaign and, additionally, to assist the state-wide constitutional officer's nominees that would be running, as well.” *Id.* at 108-9; *see also id.* at 70, 77.

Mr. Nelson also shared information on “victory fund” organizations that he received from an attorney in the Washington, D.C. law firm Perkins Coie (“Counsel”) *See* Nelson Tr. at 319. After further discussions with Counsel and “interested parties,” Mr. Nelson stated that a consensus was reached to form a “victory fund” in Rep. Evans's congressional district *Id.* at 68. Counsel later stated that she helped organize the Victory Fund by “patching together different rules and regulations that apply.” Paul Merrion, *Democrats Threading a New Finance Loophole, Funneling Cash to “Victory Funds” Once Other Limits Are Hit*, CRAIN'S CHICAGO BUSINESS, Nov. 27, 2000 at 3.

Eric Nelson selected local political activists to serve as officers of the Victory Fund. *See* Nelson Tr. at 312; Gianulis Tr. at 60, Engholm Tr. at 19. These nominal officers of the Victory

1 Fund—Richard McCarthy, John Gianulis, and Connie Engholm—all denied participating in the
2 decision to create the organization.⁴ See Gianulis Tr. at 54-56; Engholm Tr. at 19. Rather, Mr.
3 Gianulis and Ms. Engholm testified that it was Eric Nelson who first informed them of the
4 Victory Fund. *Id.* (Mr. McCarthy, an attorney, stated that his only role in the Victory Fund was
5 filing some initial paperwork, and he could not remember who asked him to do that)

6 The only other person involved with the Victory Fund at its inception is Mimi Alschuler,
7 a longtime fundraising consultant to the Evans Committee whom the Victory Fund later hired as
8 its fundraising consultant. Ms. Alschuler told this Office that she helped create the Victory Fund
9 because Rep. Evans needed a method to raise money to get out the Democratic vote in his
10 district.⁵ Ms. Alschuler explained that unlike nonfederal candidates in Illinois, Rep Evans could
11 not use his principal campaign committee to raise unlimited individual contributions or funds
12 from unions. Ms. Alschuler also stated that the Evans Committee needed additional support in
13 the district because the Democratic Party of Illinois (“the State Party”) would not devote
14 resources to his campaign. Finally, Ms. Alschuler noted that she, Eric Nelson, and Connie
15 Engholm frequently consulted with Counsel because the FEC provided no guidance on how to
16 operate a “victory fund.”

17 On September 15, 1997, the 17th District Victory Fund registered with the State of Illinois
18 as a local party organization. On June 18, 1998, the Victory Fund filed a statement of
19 organization with the Commission, claiming to be a local party committee that was unaffiliated
20 with the Democratic Party of Illinois.⁶ The Victory Fund has never received any funds or
21 assistance from the State Party. See Ex 2B, Resp. #5, Ex 2D, Resp. #2, Engholm Tr. at 45. In

⁴ Mr McCarthy spoke to this Office via telephone

⁵ Ms Alschuler spoke to this Office via telephone

⁶ Connie Engholm stated that the decision to register the Victory Fund with the Commission was made after consulting with Eric Nelson and Counsel See Engholm Tr at 30-32

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1 fact, the State Party claims that its chairman and treasurer were not even aware of the Victory
2 Fund's existence until the complaint was filed in this matter. *See* Ex. 78, pp. 9-10. The Victory
3 Fund confirms that it has "had no relationship to the State Party at any time," noting that it was
4 created in part to ensure that candidates would not need to depend on the State Party for
5 campaign assistance.⁷ Ex. 2B, Resp. #1 and #5.

6 The Victory Fund's organizational structure also differentiates it from other local party
7 committees in Illinois. For example, the Victory Fund does not have members, does not hold
8 regular meetings, does not maintain a permanent office in the district, and does not have a formal
9 process for selecting its officers, who consist only of a chairman and treasurer. *See* Nelson Tr.
10 88-89, 305-11; Engholm Tr. at 39, 147; Gianulis Tr. at 59-60, 64. By contrast, the local
11 Democratic party in Rock Island County, which has existed for decades, consists of 120 precinct
12 committee chairpersons. *See* Gianulis Tr. at 20. These Rock Island Committee members meet
13 on a regular basis, and every two years they elect the party chairman, who then appoints the
14 chairwoman, secretary, and treasurer. *See id* at 20-24. The Rock Island Committee also invites
15 a range of local candidates to run its coordinated campaign program, whereas the Victory Fund
16 administers its operations internally. *See id* at 37.

17 **B. The Victory Fund's Financing**

18 Money for the Victory Fund was raised entirely by the Evans Committee and fundraiser
19 Mimi Alschuler. *See* Nelson Tr. at 109-10, 120. The Evans Committee spearheaded the Victory
20 Fund's fundraising: approximately three times a week, Rep Evans wrote letters, made telephone
21 calls, or appeared at events to raise money for the Victory Fund. *See* Nelson Tr. at 168-69. Both

⁷ The State Party purportedly maintained little presence in the 17th Congressional District due to past disagreements between its chairman and Rep Evans. *See* Nelson Tr. at 62-63. The State Party, for example, excluded the 17th Congressional District from its 2000 statewide coordinated campaign program because Rep Evans chose to pursue his own coordinated campaign in his district (the State Party did not administer a coordinated campaign in 1998). *See* Ex. 65, pg. 3.

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1 Mimi Alschuler and Eric Nelson solicited funds from individuals who had contributed the
2 maximum to the Evans Committee. *See* Nelson Tr. at 168, 173.

3 During the 1997-1998 election cycle, the Victory Fund raised approximately \$66,000 in
4 federal funds and approximately \$206,000 in nonfederal funds, according to FEC and Illinois
5 disclosure reports. During the 1999-2000 election cycle, the Victory Fund raised approximately
6 \$72,000 in federal funds and approximately \$163,000 in nonfederal funds. Over 95% of the
7 Victory Fund's federal contributors also contributed to the Evans Committee, and a significant
8 portion of the Victory Fund's nonfederal receipts consisted of donations from unions. Of the
9 Victory Fund's total disbursements of approximately \$500,000 from 1998 through 2000, about
10 \$488,000 was reported as joint federal and nonfederal activity, \$10,000 for federal activity, and
11 \$2,000 for nonfederal activity.

12 Rep. Evans's personal involvement in financially supporting the Victory Fund can be
13 seen in a letter to Fred Eychaner, who regularly contributed the maximum to the Evans
14 Committee. In this May 20, 1998 letter on Victory Fund stationery, Rep. Evans introduced the
15 Victory Fund as "a political organization designed to help federal and local candidates, as well as
16 Democratic Party organizations run successful campaigns." Ex. 16; *see also* Nelson Tr. at 169-
17 70. Rep. Evans also wrote that "the Victory Fund will plan [*sic*] an important role in numerous
18 elections this year, from Senator Moseley-Braun and myself...to the Governor's race and to
19 several promising candidates for the state legislature." *Id.* The letter concluded with a request
20 for a \$10,000 donation to the Victory Fund. *See id.* Not only did Mr. Eychaner donate \$10,000
21 to the Victory Fund soon after receiving this letter, but he continued to donate to the Victory
22 Fund—a total of \$50,000 between 1997 and 2000

Eric Nelson also wrote fundraising letters for the Victory Fund, again using Victory Fund stationery. One typical letter is to Larry Atkins, a member of a local ironworkers union. In this letter dated September 18, 1998, Mr. Nelson writes:

The following is a request for your local to make a request to your international office for a "federal" contribution to the 17th District Victory Fund. As you know, the 17th District Victory Fund is a combination federal non-federal account which has been designed to help federal, state and local candidates in November's election. **This organization will be instrumental in guaranteeing that Lane is re-elected. ...**

Eric Nelson
Political Director
Friends of Lane Evans

Ex. 17 (emphasis added). Less than two weeks after this letter was written, the Ironworkers Political Action League, which had previously contributed to the Evans Committee, made a contribution to the Victory Fund's federal account. Indeed, Mr. Nelson testified that he followed up with people whom he or Rep. Evans solicited to determine that they actually contributed to the Victory Fund. See Nelson Tr. at 172.

Fundraising appeals by Mr. Nelson and Rep. Evans continued during the 2000 election cycle. One typical letter is from Rep. Evans to Steve Neal, a member of a local union. This letter, written on Victory Fund letterhead and dated May 26, 2000, stated:

Dear Steve:

You have been very generous in helping my campaign through the years and I appreciate all of your support. **Your union's decision to contribute the maximum contribution toward my general election so early this year has helped me considerably in planning and budgeting for the remainder of the campaign.**

You were very generous in contributing in 1998 to the 17th District Victory Fund. As you know ... **the Victory Fund was instrumental in providing the grassroots support necessary for me to win. In 2000, the Victory Fund will once again be assisting my campaign.**

I am writing you today to ask for your union's financial support for the Victory Fund. ...

If you have any questions ... please feel free to contact Mimi Alschuler at
or Eric Nelson at

1 Thank you again for all of your past help and support. ...

2 Lane Evans

3 Member of Congress

4 Ex. 75 (emphasis added).

5 In addition to writing letters, Rep. Evans also appeared at Victory Fund fundraising
6 events. One such event was sponsored by the Illinois AFL-CIO and organized by Mimi
7 Alschuler and Eric Nelson. *See* Nelson Tr. at 233. The invitation to this fundraiser, signed by
8 the president of the Illinois AFL-CIO, focused almost exclusively on Rep. Evans *See* Ex 32.
9 This invitation highlighted Rep. Evans's past support for union issues, noted that Rep Evans's
10 opponent was well financed, and stated, "One way we can help Lane's campaign is to contribute
11 generously to the 17th District Democratic Victory Fund." *Id.* The letter explained that "[t]he
12 Victory Fund is a federal/non-federal committee which was established in 1998 to assist all
13 Democratic candidates. It provides for a massive field operation that may well have been the
14 difference in Lane's close election in 1998." *Id.* The letter concluded by stating, "Contributions
15 to the Victory Fund do not effect [*sic*] the limits of contributions to Lane's campaign " *Id.*

16 **C. The Victory Fund's Activities**

17 The Victory Fund's nominal chairman, John Gianulis, stated that he performed
18 practically no work for the Victory Fund and identified Eric Nelson as the person who ran the
19 organization. *See* Gianulis Tr. at 60-63. Likewise, the Victory Fund's officers did not identify
20 any campaign other than the Evans Committee that assisted with the Victory Fund's operations.
21 Eric Nelson estimated that he spoke with the officers of the Victory Fund on a daily basis,
22 explaining that he assumed an unofficial leadership role in the organization *See* Nelson Tr. at
23 99, 143, 217. Mr. Nelson stated that he offered his advice on the Victory Fund's activities, as
24 well as contacted vendors on the Victory Fund's behalf. *See* Nelson Tr. at 99, 269. For

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1 example, Mr. Nelson recommended that the Victory Fund hire Mimi Alschuler, the Evans
2 Committee's lead fundraiser, to be its fundraising consultant. *See* Nelson Tr. at 121.

3 In addition to Mimi Alschuler, the Victory Fund and the Evans Committee have shared
4 other consultants and vendors: Emma Cheuse, an election day consultant for get-out-the-vote
5 activities; Review Printing Company, which printed various campaign literature; Compass
6 Media Group, a direct mail consultant; and Perkins Coie, the Washington, D.C. law firm that
7 helped the Evans Committee create the Victory Fund. According to Connie Engholm, Mr.
8 Nelson was the only person who recommended vendors to the Victory Fund. *See* Engholm Tr at
9 177-78.

10 The Victory Fund's self-described goal is to "help federal, state and local candidates, as
11 well as Democratic Party organizations in Western Illinois, run successful campaigns." Ex. 23.
12 During the 1998 and 2000 election cycles, the Victory Fund hired a number of vendors and
13 consultants to conduct voter identification and get-out-the-vote activities, including field
14 operations, direct mail, and telephone calls. The Victory Fund's activities ranged from generic
15 support for the Democratic Party to specific advocacy on behalf of named candidates *Compare*
16 Ex. 19 (generic GOTV mailer) *with* Ex. 44 (telephone script urging people to vote for specific
17 candidates).

18 The Victory Fund disbursed more money to Strategic Consulting Group, Inc. ("SCG") in
19 1998 and 2000 than to any other vendor—more than \$200,000 over the two election cycles.
20 SCG specializes in organizing and administering professional, high-intensity field operations,
21 popularly known as "campaign schools."⁸ Ex. 58. These campaign schools, which are geared
22 toward congressional campaigns, train young individuals to work as full-time field organizers for

⁸ The campaign school concept originated in the 9th Congressional District of Illinois for Jan Schakowsky's 1998 primary election. Rep. Schakowsky is married to SCG partner Robert Creamer. This Office interviewed Mr. Creamer in person, and he said that he has known Rep. Evans for over 20 years and considers him a good friend.

1 minimal compensation. *See id.* The goal of SCG's campaign schools is to identify Democratic
2 voters and mobilize them to vote for Democratic candidates on Election Day. *See* Ex. 2C, Resp.
3 #2.

4 SCG's campaign school in the 17th Congressional District performed essentially similar
5 services in 1998 and 2000: it provided for a field operation staffed by approximately 15 field
6 organizers, one field director, and one election day coordinator. All of these participants were
7 SCG employees, not volunteers for any political organization, according to SCG's president,
8 Robert Creamer. The full-time field organizers were recruited nationwide and paid \$100 per
9 week for living expenses. These field organizers were assigned to various offices throughout the
10 district and reported to the field director, who also worked full-time in the district. The field
11 director was paid approximately \$1,500 per week and reported to SCG's senior staff in Chicago,
12 who visited the district on a weekly basis.

13 Various SCG employees who worked in the 17th District campaign schools stated that the
14 School worked to benefit all Democratic candidates in the District.⁹ The field directors in 1998
15 and 2000, Sean Bertram and Genie Dunn respectively, both emphasized that the campaign
16 schools did not specifically focus on the Evans Committee. Although the School did indeed
17 benefit other candidates and party committees in the 17th Congressional District, some field
18 organizers stated that they spent more time assisting the Evans Committee than other campaigns.
19 For example, James Reed, a 1998 field organizer, estimated that 70% of the Campaign School
20 was focused on Rep. Evans. Likewise, Yvette Hayes, a 2000 field organizer, stated that the
21 School devoted more effort to Rep. Evans than to other candidates.

⁹ This Office interviewed the following former SCG employees via telephone: Sean Bertram, Genie Dunn, James Reed, and Yvette Hayes

Rep. Evans's prominence in the Campaign School can be seen in the welcome letter that Genie Dunn sent to the field organizers in 2000, which states in part:

You have signed up for an excellent campaign experience! **I'm very excited about being your field director and working on Lane's campaign—he's an excellent candidate.**

The campaign school is actually being set-up under the 17th District Victory Fund—although, **our main focus will be to help Lane get re-elected**—you will also have an opportunity to work for all the Democratic candidates on the ticket. This is an excellent opportunity and you will even have a chance to do GOTV on the Presidential level.

Congressman Evan's [sic] along with his campaign staff is very excited about your arrival in his district. But we have some very big shoes to fill. The campaign school did an excellent job in assuring that he was re-elected in 1998.

Ex. 54 (emphasis added).

Ms. Dunn later played down her sentence about Lane Evans being the focus of the School, saying it was mere puffery designed to motivate the field organizers. Yet many other documents illustrate the significance of Rep. Evans to the Campaign School:

- an internal SCG memo on voter targeting discusses only Rep. Evans, *see* Ex. 55;
- a memo from Ms. Dunn to field organizers regarding voter registration states that "It's important that we put together an [sic] time effective, aggressive effort to boast [sic] the number of Democratic Voters on Election Day. **THIS IS ONE OF THE KEYS TO HELPING LANE GET RE-ELECTED!**" *see* Ex. 74;
- an SCG flyer entitled "Countdown to Victory" states in large print, "It's time—to kick a little Mark Baker ass!!!!" (Mark Baker was Rep. Evans's opponent), *see* Ex. 72;
- SCG employees used Rep. Evans's form constituent letters, which discussed Rep. Evans's positions on subjects ranging from health care to gun control, *see* Ex. 43;
- a memo written by Ms. Dunn following the 2000 campaign to suggest future improvements was addressed to the Evans Committee but not to any other candidate, *see* Ex. 46;
- SCG's own promotional materials refer to its 1998 effort as the "Lane Evans Campaign School," *see* Ex. 24; and
- an internal document from a nonfederal candidate's 2000 campaign states, "**The Evans campaign** will reportedly have an aggressive field operation throughout the 17th Congressional District as part of **their** 'Victory Fund' operation. The 'Victory Fund' will have paid canvassers and organizers in the field working full time. **The**

Evans campaign has agreed to coordinating our efforts and including the Kilbride message at the doors and in volunteer phone banks. Although **the Evans operation** represents a potential benefit to Kilbride, we must be cautious in relying on **the Evans operation** too heavily," *see* Ex. 66 (emphasis added).

According to all parties, the Campaign School spent a great deal of time identifying Democratic voters, whether by walking door-to-door or by making telephone calls. When going door-to-door, the field organizers handed out campaign literature that they received from candidates' committees and asked individuals if they planned on voting for certain candidates. The following script is typical in that it asked about Rep. Evans and two nonfederal candidates and included advocacy material for Rep. Evans that did not appear for the other two candidates:

Hello, my name is _____, I'm a volunteer for the Democratic Party. How are you doing today?

In the upcoming November election, Do you plan to vote for Congressman Lane Evans?

IF UNDECIDED—Lane has been fighting hard for us in Washington to pass HMO reform, an increase in the minimum wage. He has fought hard to add quality teachers and reduce class sizes and will continue to fight to protect social security and Medicare

Are there any issues that are important to you that we can send you some information on? (Write down issue so follow-up can be sent!) (Also, give them literature.)

IF ANSWER "NO"—move to next ID

IF ANSWER "YES"—Great, would you be interested in helping out the campaign?

Are you familiar with State Supreme Court Candidate Tom Kilbride?

ANSWER "YES"—Do you also plan to support Tom in the upcoming election?

ANSWER "UNDECIDED" OR "NO"—Move to next ID

Are you familiar with Circuit Court Judge Candidate Mark Vandewiele?

ANSWER "YES"—do you also plan to support Mark in the upcoming election?

Thank you for your time. Have a good evening.

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Ex. 42 (emphasis in original). These Victory Fund voter ID scripts were reviewed by Eric Nelson and other campaign managers of major candidates being mentioned. *See* Ex. 2C, Resp. #4.

During the weeks before Election Day in 1998 and 2000, SCG added a full time election day consultant to the Campaign School, as the focus of the School shifted from identifying supportive voters to mobilizing them to vote on Election Day. The Victory Fund leased out phones so the field organizers could arrange volunteer phone banks. Additionally, the Victory Fund supplemented the Campaign School's efforts by hiring SCG to perform professional telemarketing calls. *See* Ex. 25 (proposal from SCG to the Victory Fund). Some of these calls involved elected officials, including Lane Evans, issuing a tape-recorded message: "Hi, this is Lane Evans. I'm just calling to remind you that today's Election Day. Please go to the polls to vote for me, Al Gore, Tom Kilbride and all the Democratic Candidates. Thank you." Ex. 44.

The Evans Committee regularly interacted with SCG employees in the district, who assisted with Rep. Evans's fundraising events and rallies on a weekly basis. *See* Nelson Tr. at 144, 194-95. SCG employees stated that although they worked with Mr. Nelson in his capacity as campaign manager for the Evans Committee, he had no official role in the Campaign School and they did not report to him. Eric Nelson testified that in addition to interacting with SCG employees, he also spoke to SCG's owners approximately once a week to discuss SCG's services to the Victory Fund. *See* Nelson Tr. at 144.

Mr. Nelson also interacted with SCG on behalf of the Victory Fund. In 1998, Mr. Nelson referred SCG to the Victory Fund after he determined that the Evans Committee could not afford SCG's services. *See* Nelson Tr. at 90-91, 97. In 2000, Mr. Nelson wrote a memo to SCG's partners in which he expressed his concerns with SCG's services to the Victory Fund, requested

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1 a greater role in its operations, and inquired about contract negotiations for the upcoming
2 election's Campaign School. *See* Ex. 38. Mr. Nelson concluded this memo by stating, "The
3 Victory Fund will not sign a 2000 cycle contract until these concerns are addressed
4 satisfactorily." *Id.* Mr. Nelson later explained that if his concerns were not addressed, the Evans
5 Committee would have ceased its role as lead fundraiser for the Victory Fund and the Victory
6 Fund would thus not have had sufficient funding to pay for SCG's services. *See* Nelson Tr. at
7 251-52.

8 **D. The Rock Island Committee's Activities**

9 The Rock Island County Democratic Central Committee ("Rock Island Committee") is
10 the local county Democratic party committee for Rock Island County, Illinois, the most populous
11 county in the 17th Congressional District. It was in Rock Island County that the Evans
12 Committee based its operations in 1998 and 2000. The leader of local Democratic politics in
13 Rock Island County is John Gianulis, who for over 30 years has served as chairman of the Rock
14 Island Committee. According to its registration with the State of Illinois, the Rock Island
15 Committee's purpose is "to provide advice and financial support to all qualified candidates of the
16 Democratic Party who seek public office." According to state disclosure reports, the Rock Island
17 Committee disbursed \$125,095.63 in 1998. The Rock Island Committee is not registered with
18 the Commission.

19 During election years, the Rock Island Committee also sponsors a coordinated campaign,
20 referred to as the "Rock Island County GOTV Committee." The members of the "GOTV
21 Committee" consisted of all Democratic candidates running for election in Rock Island County
22 in a given year, federal and nonfederal alike (except for presidential candidates), along with
23 select representatives from other interest groups active in Rock Island County politics. *See*
24 Gianulis Tr. at 36-37. While this coordinated campaign is conducted and reported to the Illinois

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1 State Board of Elections as part of the Rock Island Committee's activities, John Gianulis
2 testified that the GOTV Committee is self-sufficient, functioning as if it is a separate entity. *See*
3 Gianulis Tr. at 36-37, 40-41. For instance, the GOTV Committee had its own separate bank
4 account to keep track of its receipts and disbursements. *See id*

5 The GOTV Committee was also self-financed, with the members directly contributing or
6 assisting in raising money from other sources. *See* Gianulis Tr. at 36-37; *see also* Nelson Tr. at
7 129. Although candidates were not required to contribute directly to, or raise funds for, the
8 account, each GOTV Committee member had to do so to be considered a member in good
9 standing. A member in good standing was rewarded for his contribution by having his name
10 listed at the bottom of each piece of literature produced and distributed by the group. According
11 to one-time member Connie Engholm, candidates contributed to the group's budget on a sliding
12 scale determined by that candidate's place on the ballot. For instance, Lane Evans, as a
13 Congressional candidate, would be expected to raise more funds for the account than a state
14 senatorial candidate. *See* Engholm Tr. at 149-50. In 1998, out of forty-seven contributors, the
15 Evans Committee was the second largest contributor to the GOTV Committee.¹⁰ *See* Ex. 48.

16 The GOTV Committee was also self-directed, with the members deciding what activities
17 they would undertake. At the beginning of an election year, the GOTV Committee held an initial
18 meeting to decide on a budget and to plan activities for the election. Subsequently, the members
19 met regularly to discuss the specifics of the group's activities, such as the content of their direct
20 mail pieces. *See* Nelson Tr. at 132-33. Decisions were made by group consensus, however, only
21 members in good standing, i.e., those members who contributed to or raised money for the
22 group, were welcome to express their views on the group's activities. *See id*.

¹⁰ In addition to his own direct contributions to the committee, Rep Evans also assisted the group in raising funds from other sources. *See* Nelson Tr. at 129

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1 In 1998, Rep. Evans was a member in good standing of the GOTV Committee, and Eric
2 Nelson, acting as the Evans Committee's representative at the group's meetings, believed that
3 Rep. Evans's name should be placed on the materials produced by the GOTV Committee. *See*
4 Nelson Tr. at 137. To facilitate this, Mr. Nelson provided pictures of Rep. Evans for use in the
5 committee's mailers. *See* Ex. 2A, Resp. #16. As a result of Mr. Nelson's efforts, various
6 activities sponsored by the Rock Island Committee focused on Rep. Evans. Specifically, in
7 1998, the Rock Island Committee sent out direct mail explicitly urging voters to vote for Lane
8 Evans, *see* Exs. 7 and 8; produced and aired a radio advertisement focusing almost exclusively
9 on Lane Evans and his policy positions, *see* Ex. 10; and ran a newspaper advertisement urging
10 voters to support Lane Evans, *see* Ex. 9.

11 **III. THE EVANS COMMITTEE ESTABLISHED, FINANCED, MAINTAINED AND**
12 **CONTROLLED THE VICTORY FUND**

13 Beginning in 1997 and continuing through 2000, the Evans Committee cultivated the
14 Victory Fund, helping it bloom into a full-fledged secondary campaign committee. Acting
15 through Eric Nelson, with the assistance of Mimi Alschuler and Counsel, the Evans Committee
16 operated the Victory Fund as a vehicle to raise otherwise prohibited and excessive funds to
17 benefit Rep. Evans. This is precisely the type of situation Congress sought to address when it
18 added the affiliation provision to the Act in 1976—preventing groups involved in federal
19 elections from circumventing contribution limits by proliferating their number of political
20 committees. *See* H.R. CONF. REP. NO. 94-1057, at 58 (1976)

21 An investigation has shown that the Victory Fund is not a bona fide local party
22 committee but rather an entity established, financed, maintained, and controlled by the Evans
23 Committee. *See* 2 U.S.C. § 441a(a)(5). Furthermore, an analysis of the regulatory indicia of
24 affiliation shows how the Evans Committee and the Victory Fund functioned as one entity

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1 designed to support Rep. Evans's reelection campaigns *See* 11 C.F.R. § 100.5(g)(4)(11)(A)-(J)
2 Specifically, as detailed below, the Evans Committee created the Victory Fund and selected its
3 officers; the Evans Committee shared common officers and consultants with the Victory Fund;
4 the Evans Committee financed the Victory Fund; and the Evans Committee maintained and
5 controlled the Victory Fund.

6 **A. The Evans Committee Established the Victory Fund and Selected the Victory**
7 **Fund's Officers**

8 The Evans Committee's primary role in forming the Victory Fund is the first indication
9 that it is affiliated with the Victory Fund. *See* 11 C.F.R. § 100.5(g)(4)(11)(I). Specifically, an
10 investigation has shown that Rep. Evans's campaign manager, Eric Nelson, conceived of and
11 created the Victory Fund.

12 First, Mr. Nelson admitted that he proposed creating a "victory fund" after learning about
13 the concept from Counsel. *See* Nelson Tr. at 319 Second, although Mr. Nelson claims to have
14 consulted with hundreds of local political leaders about the possibility of creating the Victory
15 Fund, he could identify only two local political activists whom he claimed regularly attended
16 meetings with him about its creation: John Gianulis and Connie Engholm *See* Nelson Tr. at 76-
17 77 Yet both Mr. Gianulis and Ms. Engholm explicitly denied that they were involved in the
18 decision to create the Victory Fund. *See* Gianulis Tr. at 54-56, Engholm Tr. at 19. Instead, they
19 testified that Eric Nelson informed them about the decision to create the Victory Fund, and
20 neither Mr. Gianulis nor Ms. Engholm could identify anyone other than Mr. Nelson who created
21 the Victory Fund. *Id.*

22 In addition to establishing the Victory Fund, Mr. Nelson also selected each and every
23 officer of the organization, which further demonstrates that the Evans Committee is affiliated
24 with the Victory Fund. *See* 11 C.F.R. § 100.5(g)(4)(11)(C) Mr. Nelson asked the first chairman

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1 of the Victory Fund, Richard McCarthy, to serve in that capacity. *See* Nelson Tr. at 312.
2 Likewise, John Gianulis testified that he became chairman of the Victory Fund only after Mr.
3 Nelson asked him to serve.¹¹ *See* Gianulis Tr. at 60. Additionally, Mr. Nelson also recruited
4 Connie Engholm to serve as treasurer of the Victory Fund, even though she had misgivings about
5 serving in the position. *See* Engholm Tr. at 19, 21; Nelson Tr. at 312. Ms. Engholm initially
6 declined to be treasurer because, "We didn't know anybody who had done this." Engholm Tr. at
7 21 Mr. Nelson eventually persuaded her to be treasurer because the Victory Fund needed
8 someone familiar with federal reporting requirements, and she had assisted the Evans Committee
9 in years past with filing reports to the Commission. *See* Engholm Tr. at 21; Nelson Tr. at 73-74.

10 The officers of the Victory Fund could not identify anyone other than Eric Nelson who
11 formed the Victory Fund and selected its officers. Similarly, one of the Victory Fund's
12 employees in 1998, Jill Hinrichs, stated that she was interviewed and hired by a member of Rep.
13 Evans's staff¹² Therefore, the Evans Committee's role in forming the Victory Fund, selecting
14 its officers, and hiring its employees further supports the conclusion that the two committees are
15 affiliated. *See* 11 C.F.R. § 100.5(g)(4)(ii)(I) and (C)

16 **B. The Evans Committee and the Victory Fund Shared Common Officers and**
17 **Consultants**

18 The Evans Committee also used at least four common officers and consultants to
19 coordinate and control the Victory Fund's activities, which further indicates that the two
20 committees are affiliated when viewed in the totality of the circumstances *See* 11 C.F.R.
21 § 100.5(g)(4)(ii)(E) First, Eric Nelson effectively served as an officer of the Victory Fund at the
22 same time he was an officer of the Evans Committee Although Mr Nelson testified that he held

¹¹ Mr Nelson does not specifically remember asking Mr Gianulis to become chairman, stating that "it just sort of kind of organically happened " Nelson Tr at 312-15

¹² This Office interviewed Ms Hinrichs via telephone

1 only an unofficial leadership role in the Victory Fund, in which his advice was solicited and in
2 which he offered his opinion on Victory Fund activities, the evidence has shown that his role
3 exemplifies that of an officer. *See* Nelson Tr. at 99. Mr. Nelson not only formed the Victory
4 Fund and selected its officers, but he also raised money for the Victory Fund, selected its
5 vendors, and helped direct its activities.¹³ *See* Nelson Tr. at 66-68, 167-68, 121, 172-73, 267-69;
6 Exs. 6, 35, and 38. Accordingly, Mr. Nelson's concurrent service as an officer of both the Evans
7 Committee and the Victory Fund is further evidence of affiliation. *See* 11 C.F.R.
8 § 100.5(g)(4)(ii)(E).

9 Second, Mimi Alschuler simultaneously served as the primary fundraiser for both the
10 Victory Fund and the Evans Committee. Ms. Alschuler had led the Evans Committee's
11 fundraising efforts for years, and she was later hired to run the Victory Fund's fundraising
12 operations. Eric Nelson referred Ms. Alschuler to the Victory Fund.¹⁴ *See* Nelson Tr. at 121
13 While Ms. Alschuler worked for both the Evans Committee and the Victory Fund, Mr. Nelson
14 regularly discussed the Victory Fund's fundraising efforts with her. *See* Nelson Tr. at 173. In
15 fact, Mr. Nelson testified that he encouraged Ms. Alschuler to have the Victory Fund solicit
16 funds from people who had contributed to Rep. Evans. *Id.* at 173, 207-08. Ms. Alschuler's dual
17 role as fundraiser for the Victory Fund and the Evans Committee further shows how the two
18 committees are affiliated. *See* 11 C.F.R. § 100.5(g)(4)(ii)(E) and (H)

¹³ Mr. Nelson's status as an officer of the Victory Fund can also be seen during his deposition, when he repeatedly invoked the attorney-client privilege in response to questions about the Victory Fund and the advice it received from Counsel. *See* Nelson Tr. at 82, 83, 243, 322, 323, 324, 326, and 334. Mr. Nelson claimed that he understood that his conversations with the Victory Fund's attorney would be confidential. *See* Nelson Tr. at 337. By claiming the right to have privileged conversations with the Victory Fund's counsel, Mr. Nelson held himself out as an officer or agent of the Victory Fund.

¹⁴ Ms. Alschuler told this Office that before she signed a contract with the Victory Fund, she raised concerns with Counsel about working for both the Evans Committee and the Victory Fund and also about possible conflicts in raising federal and nonfederal funds from contributors to the Evans Committee. Ms. Alschuler's concerns about the intertwined nature of her work assignment further evidences the how the Evans Committee used the Victory Fund as its own fundraising vehicle.

1 Third, Connie Engholm, the Victory Fund's treasurer, also has longstanding ties to the
2 Evans Committee. For over fifteen years, Ms. Engholm regularly assisted Rep. Evans with his
3 campaigns. Her duties ranged from filing federal disclosure reports to stuffing envelopes to
4 working phone banks. *See* Engholm Tr. at 21-22, 53-54. Ms. Engholm continued this assistance
5 while she served as treasurer of the Victory Fund, which provides further evidence of affiliation
6 between the Evans Committee and the Victory Fund. *See* 11 C F R. § 100.5(g)(4)(ii)(E).

7 Fourth, Counsel provided the Evans Committee with information on "victory fund"
8 organizations and helped organize the Victory Fund. *See* Nelson Tr. at 319; *see also* Paul
9 Merrion, *Democrats Threading a New Finance Loophole*, CRAIN'S CHICAGO BUSINESS, Nov. 27,
10 2000 at 3. Eric Nelson stated that he first contacted Counsel in 1997, and, in fact, the Evans
11 Committee itemized a disbursement of \$543.50 to Counsel's Washington, D.C. law firm on July
12 2, 1997. Eric Nelson stated that the law firm did not otherwise represent the Evans Committee at
13 the time, and the Evans Committee's disclosure reports show no other disbursements to that firm
14 in 1997. *See* Nelson Tr. at 319-20. The Victory Fund did not report any expenditures to that law
15 firm on either its state or FEC reports until September 1998. Thus, in addition to sharing
16 Counsel, the Evans Committee appears to have paid the Victory Fund's initial legal bills, which
17 provides further evidence of affiliation.¹⁵ *See* 11 C F R. § 100.5(g)(4)(ii)(G)

18 **C. The Evans Committee Financed the Victory Fund**

19 From the moment the Victory Fund first came into existence, the Evans Committee
20 ensured that the Victory Fund maintained sufficient funds to conduct activities that benefited
21 Rep. Evans. Indeed, the Evans Committee led the Victory Fund's fundraising efforts—writing
22 letters, making phone calls, and sponsoring events—which further shows how the two

¹⁵ This law firm represents both the Evans Committee and the Victory Fund in this matter

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1 committees are affiliated. *See* 11 C.F.R. § 100.5(g)(4)(ii)(H); Nelson Tr. at 251-52. Moreover,
2 no candidate or organization other than Rep. Evans and the Evans Committee solicited funds for
3 the Victory Fund, according to fundraiser Mimi Alschuler. As Ms. Alschuler explained,
4 nonfederal candidates had no incentive to raise money for the Victory Fund; unlike Rep. Evans,
5 nonfederal candidates could directly accept union funds and large contributions from individuals

6 **1. The Evans Committee solicited funds for the Victory Fund**

7 Eric Nelson testified that as soon as the Victory Fund was created, the Evans Committee
8 assisted it with fundraising by informing individuals and organizations that they could assist Rep.
9 Evans and other Democratic candidates by financially supporting the Victory Fund *See* Nelson
10 Tr. at 80. Rep. Evans solicited contributions for the Victory Fund on average “a few times a
11 week.” Nelson Tr. at 168-69, 251. Mr. Nelson explained that this fundraising occurred “on a
12 regular basis from the week after the end of the last campaign.” *Id.* at 169. Thus, Rep. Evans
13 solicited donations to the Victory Fund on a year-round basis.

14 The record is replete with specific examples of Rep. Evans’s fundraising efforts on behalf
15 of the Victory Fund. *See* Exs. 16, 17, 32, 33, 75 (letters from the Evans Committee soliciting
16 funds for the Victory Fund). While the Evans Committee’s fundraising letters speak of the
17 Victory Fund’s general assistance to all Democratic candidates, they also single out Lane Evans.
18 For example, one letter from Eric Nelson noted that the Victory Fund “will be instrumental in
19 guaranteeing that Lane is re-elected.” Ex. 17. Another letter from Rep. Evans thanked a
20 contributor for giving the maximum federal contribution to his campaign committee and asked
21 for additional money for the Victory Fund, which he noted “was instrumental in providing the
22 grassroots support necessary for me to win [in 1998].” Ex. 75.

23 In addition to writing letters, Rep. Evans appeared at a number of fundraisers for the
24 Victory Fund. These fundraisers ranged from small coffees in the 17th District to larger

gatherings outside of the District *See* Nelson Tr. at 179-80. For example, the AFL-CIO sponsored a fundraising event for the Victory Fund that was held in Chicago. This fundraiser was organized by Mimi Alschuler in consultation with Eric Nelson. *See id.* at 233-34. The invitation to the event prominently noted that people can assist Rep. Evans's campaign by donating to the Victory Fund and that donations to the Victory Fund do not affect contribution limits to the Evans Committee. *See* Ex. 32.

Overall, the Evans Committee effectively used the Victory Fund as its own nonfederal fundraising vehicle to circumvent the Act's contribution limits. Rep. Evans is the only candidate who raised money for the Victory Fund and the only candidate prominently featured in its solicitations. Therefore, there can be no dispute that the Evans Committee arranged for funds to be provided to the Victory Fund on an ongoing basis, which is evidence of affiliation. *See* 11 C.F.R. § 100.5(g)(4)(ii)(H). Additionally, because Mr. Nelson was a paid staff member of the Evans Committee, and because Mr. Nelson devoted substantial time to the Victory Fund's fundraising efforts, the Evans Committee thus indirectly paid for the Victory Fund's administrative and fundraising expenses, which is further evidence of affiliation *See* 11 C.F.R. § 100.5(g)(4)(ii)(G).

2. The same contributors who gave to the Victory Fund also gave to the Evans Committee

Affiliation may also be evidenced when two committees have a similar pattern of contributions. *See* 11 C.F.R. § 100.5(g)(4)(ii)(J). Not surprisingly, the Victory Fund and the Evans Committee have a similar pattern of contributions. From 1998 through 2000, over 95% of the Victory Fund's federal contributors also gave to the Evans Committee. As detailed in Appendixes A and B to this Brief, many individuals and committees who gave to Victory Fund's federal and nonfederal accounts had also contributed the maximum to the Evans Committee

1 The high correlation between persons who contributed to the Victory Fund and those who
2 also gave to the Evans Committee is no coincidence. Mr. Nelson admitted that he informed
3 Evans Committee contributors—whom he knew had given the maximum under law to the Evans
4 Committee—that they could still assist Rep. Evans by giving to the Victory Fund. *See* Nelson
5 Tr. at 168. Likewise, Mimi Alschuler stated that she contacted individuals who were supportive
6 of Rep. Evans and asked them to contribute to the Victory Fund. These solicitations and similar
7 patterns of contributions not only demonstrate additional evidence of affiliation, but they show
8 that the Evans Committee used the Victory Fund to circumvent the Act's contribution limits. *See*
9 11 C.F.R. § 100.5(g)(4)(ii)(J).

10 **D. The Evans Committee Maintained and Controlled the Victory Fund**

11 The Evans Committee also had a significant role in governing the Victory Fund, yet
12 another factor probative of affiliation. *See* 11 C.F.R. § 100.5(g)(4)(ii)(B). The evidence shows
13 that the nominal officers of the Victory Fund had little to no involvement in its operations.
14 Rather, the Evans Committee played the central role in the Victory Fund's decision-making
15 process. Specifically, Rep. Evans's campaign manager, Eric Nelson, controlled the Victory
16 Fund with assistance from the Evans Committee's fundraiser and the Victory Fund's attorney.

17 **1. The officers of the Victory Fund played only a minimal role in its**
18 **governance**

19 The Victory Fund's initial chairman, Richard McCarthy, represented to this Office that he
20 had no role in the Victory Fund other than filing some initial paperwork and being listed on the
21 Victory Fund's Illinois statement of organization. When asked what activities the Victory Fund
22 undertook, Mr. McCarthy stated that he could only speculate because he was not at all involved
23 in the operations of the organization. Even Eric Nelson could not recall any decision Mr.
24 McCarthy made for the Victory Fund, and he conceded that Mr. McCarthy's role was "very

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1 limited." Nelson Tr. at 143-44, 312. Connie Engholm, the Victory Fund's treasurer, also
2 confirms this account, stating that Mr. McCarthy did not have any responsibilities as chairman
3 See Engholm Tr. at 38-39.

4 The Victory Fund's subsequent chairman, John Gianulis, played a similarly minor role in
5 the Victory Fund, as demonstrated by his own testimony:

6 I think originally I might have been the chairman of the committee but I never had any
7 active role really outside of the chairman of the committee .. I believe Eric [Nelson]
8 asked me if I would serve as a chairman. I told him I would And that was about it I
9 really paid very little attention to the Victory Fund to be quite frank. I was consumed
10 with my position in the party which consumed most of my time politically.

11 Gianulis Tr. at 60-61.¹⁶

12 Indeed, Mr. Gianulis knew practically no details about the Victory Fund's activities he
13 did not know who the other officers were; he did not know if the Victory Fund had an office; he
14 did not know if the Victory Fund had employees; he did not know who made decisions on how
15 the Victory Fund spent its money; and he did not know what activities the Victory Fund
16 undertook. *Id.* at 63-65. Most tellingly, when Mr. Gianulis was asked who was in charge of the
17 Victory Fund, he responded that Eric Nelson played the major role. *Id.* at 63 As Mr. Gianulis
18 himself summarized, "I did nothing. ... I may have signed some papers. I don't know But it
19 certainly wasn't nothing like my position as the county chairman where I was really involved
20 and a participant."¹⁷ *Id.* at 65. Connie Engholm confirms Mr. Gianulis's limited role in the
21 Victory Fund. See Engholm Tr. at 61.

¹⁶ This was not the only instance where Mr. Nelson asked Mr. Gianulis to lend his name to a project. Mr. Nelson also asked Mr. Gianulis to serve as a signatory on the Evans Committee's banks accounts, in case of an emergency. See Nelson Tr. at 161-62, Ex. 14 (Evans Committee bank statement listing Messrs. Gianulis and Nelson as "owners" of the account).

¹⁷ Mr. Gianulis is referring to his position as chairman of the Rock Island Committee. During his deposition, in sharp contrast to his answers about the Victory Fund, Mr. Gianulis provided detailed answers to questions about the Rock Island Committee, such as who has served as officers, the process for expending funds, where records are kept, and specific descriptions of the Rock Island Committee's activities. See Gianulis Tr. at 19-45. Mr. Gianulis spent 40 hours per week working for the Rock Island Committee. See Ex. 2A, Resp. #7.

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Other than Mr. Gianulis and Mr. McCarthy, the only other officer of the Victory Fund was Ms. Engholm, the treasurer. She testified that her responsibilities were primarily devoted to depositing funds, paying bills, and completing disclosure reports. *See* Engholm Tr. at 41, 112. Ms. Engholm also made purchases on behalf of the Victory Fund. *Id.* at 77. Ms Engholm explained that she performed her duties for the Victory Fund outside of her regular 40 to 60 hour workweek for a local company. *Id.* at 68. Although Ms Engholm regularly contacted the Victory Fund vendors, she did not know who hired employees for the Victory Fund, did not know who rented office space for employees (she worked from her home), and did not know who hired certain consultants and vendors who worked for the Victory Fund. *Id.* at 63, 70, 164-66, 176. Ms. Engholm's full-time employment outside of the Victory Fund, combined with the extremely limited role of Mr. Gianulis and Mr. McCarthy, demonstrate that the officers of the Victory Fund exercised no meaningful control over its operations.

2. The Evans Committee directed the Victory Fund's operations

Eric Nelson worked closely with the Victory Fund's nominal officers to administer and maintain the Victory Fund. For example, Ms Engholm consulted with Eric Nelson regarding her responsibilities for the Victory Fund. *See* Engholm Tr at 31-32, 77, 141, 177. These consultations included discussions ranging from the Victory Fund's registering with the Commission as a political committee to making purchases for the Victory Fund *Id.* Additionally, Ms. Engholm stated that Mr Nelson took part in the Victory Fund's decision to award her a \$5,000 bonus for her work as treasurer. *See* Engholm Tr at 224-25. Finally, Ms Engholm testified that in her capacity as treasurer for the Victory Fund, she did not interact with representatives from any campaigns in the 17th District other than the Evans Committee. *Id.* at 108-12, 192.

1 The Evans Committee's control over the Victory Fund is best illustrated by the Victory
2 Fund's interaction with Strategic Consulting Group, Inc. ("SCG"). The facts show that the
3 Victory Fund would never have contracted with SCG were it not for the Evans Committee. In
4 early 1998, SCG approached Eric Nelson to inquire if the Evans Committee would be interested
5 in hiring SCG to run field operations in his congressional district. *See Nelson Tr. at 90-91. Mr.*
6 Nelson declined because the Evans Committee could not afford the cost, estimated at \$90,000
7 *Id. at 97; see also Ex. 58.* Nonetheless, Mr. Nelson "recognized the potential value of helping
8 democratic candidates in the area." *Id. at 97.* Accordingly, he suggested that SCG contact the
9 Victory Fund to present the same package of services offered to the Evans Committee *Id.*

10 SCG followed Mr. Nelson's advice and contacted the Victory Fund, though it first spoke
11 with Rep. Evans and a member of his congressional staff to confirm that they were supportive of
12 the proposed program. *See Ex. 2C, Resp. #5; Ex. 3.* Subsequently, SCG entered into a contract
13 with the Victory Fund to run a campaign school; this contract was renewed in 2000. *See Exs. 4,*
14 39. In both years, John Gianulis signed the contract on behalf the Victory Fund, though Mr.
15 Gianulis maintains that he was not involved in the negotiations. *See Gianulis Tr at 78-79 Ms.*
16 Engholm stated that she and Eric Nelson actually negotiated the contract, with Mr. Gianulis
17 possibly attending one meeting. *See Engholm Tr. at 57.* Mr. Nelson admits only to participating
18 in general discussions about whether SCG's services would be beneficial—he denies actually
19 negotiating the contract. *See Nelson Tr. at 275-76, 103-04.*

20 Once the contract was signed, Mr. Nelson contacted SCG approximately once a week to
21 discuss the services it was providing to the Victory Fund. *See Nelson Tr. at 144, 275-76. Mr.*
22 Nelson's contacts with SCG exemplify the Evans Committee's control over the Victory Fund.
23 For example, in a memo dated March 29, 2000, Mr. Nelson complained about SCG's services

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1 and demanded changes. *See* Ex. 38. Specifically, Mr. Nelson stated, "I was assured that I could
2 play an active role in the recruiting and assigning of schoolers to the 17th District. ... I have not
3 been contacted to participate in this process at all." *Id.* Mr. Nelson also questioned various costs
4 of the program and asked about the schedule for the negotiation process for the 2000 contract.
5 *Id.* Mr. Nelson concluded by stating, "The Victory Fund will not sign a 2000 cycle contract until
6 these concerns are addressed satisfactorily." *Id.* (emphasis added).

7 When confronted with a copy of this memo in his deposition, Mr. Nelson stated that
8 because the Evans Committee "was taking the lead in raising money for the Victory Fund, if my
9 concerns were not addressed there would not be ... the funds there to employ the campaign
10 school."¹⁸ Nelson Tr. at 251-52. Mr. Nelson's explanation, however, only further shows the
11 pervasive power that the Evans Committee held over the Victory Fund. Threatening to limit
12 fundraising gave the Evans Committee effective control over the Victory Fund's operations. In
13 both 1998 and 2000, the Victory Fund spent the majority of its budget on the Campaign School,
14 disbursing far more money towards its operation than to any other expense.

15 The Evans Committee's extensive control over the Victory Fund led many people to
16 believe they were one and the same. Some vendors referred interchangeably to the Victory Fund
17 and the Evans Committee. For example, an invoice from QRS NewMedia to the Victory Fund
18 for "Evans phone message" was addressed to both Connie Engholm and Eric Nelson of "Evans
19 for Congress." Ex. 35. Likewise, an invoice from Government Information Services to the
20 Victory Fund was sent to the address of the Evans Committee, "Attention: Eric Nelson." Ex. 6.
21 Mr. Nelson did not know why "Evans for Congress" appeared on the QRS invoice, but he
22 speculated that he may have ordered a voter file from Government Information Services on

¹⁸ In fact, Robert Creamer, president of SCG, told this Office that when the Victory Fund was late paying its bills, he would sometimes contact Eric Nelson

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1 behalf of the Victory Fund. *See* Nelson Tr. at 267-69. Finally, Eric Nelson was listed as the
2 contact for a Victory Fund fundraiser. *See* Ex. 22, pg. 3. Ms. Engholm explained that vendors
3 sometimes “mistakenly” placed the Evans Committee’s name on Victory Fund invoices.
4 Engholm Tr. at 176.

5 Even candidates in the 17th Congressional District viewed the Victory Fund as an
6 operation of the Evans Committee. For example, the campaign manager for Thomas Kilbride’s
7 Illinois Supreme Court campaign stated she first heard of the Victory Fund’s field operations
8 from Eric Nelson, who told her that he would make sure the Campaign School would include
9 Mr. Kilbride in its efforts.¹⁹ In internal memos both before and after the 2000 election, the
10 Kilbride campaign refers to the Victory Fund as an operation of the Evans Committee. *See* Exs.
11 66 and 67. In the memo before the election, Kilbride staff state that “the Evans campaign will
12 reportedly have an aggressive field operation throughout the 17th Congressional District as part
13 of their ‘Victory Fund’ operation.” Ex. 66. Even after the campaign was over, the Kilbride staff
14 wrote, “A great benefit to the Kilbride campaign was the 17th District Victory Fund (the
15 campaign school working for Congressman Lane Evans).” Ex. 67, pg. 7. These memos show
16 how the Evans Committee held itself out to the public as the parent of the Victory Fund

17 Similarly, the State Party excluded the 17th Congressional District from its state-wide
18 coordinated campaign program because Rep. Evans “chose to pursue [his] own coordinated
19 campaign[.]” Ex. 65, pg. 3. Indeed, the State Party’s officers were unaware that the Victory
20 Fund even existed at the time, which further shows that the Victory Fund was not a local party
21 organization but rather an arm of the Evans Committee *See* Ex 78, pp 9-10 Viewed with the

¹⁹ This Office spoke by telephone to Michelle Paul, who at the time was an employee of the Democratic Party of Illinois detailed to work as the campaign manager for the Kilbride campaign

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1 other facts, this public perception that the Evans Committee and the Victory Fund were one and
2 the same further evidences affiliation.

3 **E. Conclusion**

4 As the evidence has shown, the Evans Committee gave birth to the Victory Fund,
5 nurturing it and helping it grow into an auxiliary campaign committee. The Evans Committee
6 and its Washington, D.C. Counsel made a concerted effort to push the bounds of campaign
7 finance law by creating the Victory Fund. Indeed, both Mimi Alschuler and Connie Engholm
8 initially expressed concerns about this novel operation. Ms. Engholm did not even want to be
9 treasurer of the Victory Fund when Eric Nelson first asked her because she did not know anyone
10 who had operated a committee like the Victory Fund. *See* Engholm Tr at 21. Ms. Alschuler and
11 Ms. Engholm's concerns show that the Victory Fund's local party committee status existed in
12 name only.

13 Although a "victory fund" may theoretically operate as an independent local party
14 committee, here the evidence has shown that the 17th District Victory Fund and the Evans
15 Committee were one and the same. Committees that are established, financed, maintained, and
16 controlled by the same person or group of persons are affiliated. *See* 2 U.S.C. § 441a(a)(5);
17 11 C.F.R. § 100.5(g)(2). The applicable regulatory criteria also support a finding of affiliation
18 when viewed in light of all the circumstances:

- 19 • the Evans Committee played an active role in the formation of the Victory Fund;
- 20 • the Evans Committee participated in the governance of the Victory Fund,
- 21 • the Evans Committee selected the officers of the Victory Fund;
- 22 • the Evans Committee and the Victory Fund had an ongoing relationship as
- 23 evidenced by common officers and vendors, such as Eric Nelson, Connie
- 24 Engholm, Mimi Alschuler, and Counsel;
- 25 • the Evans Committee indirectly paid fundraising and administrative costs for the
- 26 Victory Fund;

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- the Evans Committee provided significant, ongoing fundraising assistance to the Victory Fund; and
- the Evans Committee and the Victory Fund share a similar pattern of contributions.

See 11 C.F.R. § 100.5(g)(4)(ii)(B), (C), (E), (G), (H), (I), and (J). Therefore, based on the totality of the circumstances, the evidence strongly indicates that Evans Committee is affiliated with the Victory Fund.

IV. IF THE EVANS COMMITTEE IS AFFILIATED WITH THE VICTORY FUND, THEN THE EVANS COMMITTEE ACCEPTED EXCESSIVE AND PROHIBITED CONTRIBUTIONS THROUGH THE VICTORY FUND

A finding of affiliation between the Evans Committee and the Victory Fund has several legal consequences. First, committees must report affiliated committees to the Commission in their statements of organization. *See* 2 U.S.C. § 433. Second, affiliated committees share a single, aggregate contribution limit. *See* 2 U.S.C. § 441a(a)(5). Third, all receipts and disbursements must be reported to the Commission. *See* 2 U.S.C. § 434. Finally, a committee affiliated with a federal candidate's committee may not accept corporate and union funds through a nonfederal account. *See* 2 U.S.C. §§ 441a(a)(5), 441b.

From 1997 through 2000, the Victory Fund accepted over \$500,000 in federal and nonfederal funds. A significant portion of the funds in the Victory Fund's nonfederal account originated from prohibited sources, such as unions or corporations. *See* Appendix A (excessive and prohibited contributions during the 1997-98 election cycle), Appendix B (1999-2000 election cycle). Additionally, when aggregated with prior contributions to the Evans Committee, a significant portion of the funds in the Victory Fund's federal and nonfederal accounts would exceed the Act's limitations. *See id.*

Summary of Prohibited and Excessive Contributions Received by the Evans Committee through the Victory Fund		
<u>Election Cycle</u>	<u>Prohibited</u>	<u>Excessive</u>
1997-1998	\$88,635	\$156,250
1999-2000	\$86,200	\$124,500

1 If the Victory Fund were affiliated with the Evans Committee, both entities would have
2 been limited to accepting contributions of no more than \$1,000 per election from individuals and
3 \$5,000 per election from multicandidate committees. *See* 2 U.S.C. §§ 441a(a)(1)(A) and (2)(A),
4 441a(f). Likewise, due to the affiliation, the Evans Committee was prohibited from accepting
5 corporate and union funds into the Victory Fund's nonfederal account. *See* 2 U.S.C. § 441b.
6 Therefore, based on all the reasons stated, the Office of the General Counsel is prepared to
7 recommend that the Commission find probable cause to believe that the Evans Committee
8 violated 2 U.S.C. §§ 433, 441a(f), 434, and 441b.

9 **V. IF THE EVANS COMMITTEE IS NOT AFFILIATED WITH THE VICTORY**
10 **FUND, THEN THE EVANS COMMITTEE ACCEPTED EXCESSIVE, IN-KIND**
11 **CONTRIBUTIONS FROM THE VICTORY FUND**

12 The Evans Committee has acknowledged cooperating and consulting with the Victory
13 Fund's officers on numerous expenditures made by the Victory Fund. *See, e.g.,* Nelson Tr. at
14 173, 267-69. If the Evans Committee and the Victory Fund are affiliated, as set forth above,
15 these coordinated expenditures constituted permissible transfers. However, if the Evans
16 Committee and the Victory Fund are not affiliated, many of the Victory Fund's coordinated
17 expenditures constituted in-kind contributions to the Evans Committee, to which the contribution

limits of the Act apply.²⁰ Under the Act, “expenditures made by any person in cooperation, consultation or concert, with, or at the request or suggestion of, a candidate, his authorized political committees, or their agents, shall be considered to be a contribution to such candidate.”²¹ 2 U.S.C. § 441a(a)(7)(B)(i).

In its response to the Commission’s reason to believe findings, the Evans Committee did not deny coordinating activities with the Victory Fund. *See* Ex. 73. Rather, the Evans Committee asserted that the Victory Fund conducted exempt party activities which did not constitute expenditures on behalf of Rep. Evans. *See id.* The record has shown, however, that the Evans Committee coordinated activities with the Victory Fund and that none of the Victory Fund’s expenditures qualified as exempt party activity.

In the context of expenditures by outside groups which are not political party committees,²² the Commission has considered cases of potential coordination that took place prior to the effective date of 11 C.F.R. § 100.23 under the standards set forth in *FEC v. Christian Coalition*, 52 F. Supp. 2d 45 (D.D.C. 1999). In addressing the issue of what constitutes “coordination” with a candidate, the *Christian Coalition* court discussed two general ways in which coordination could occur: first, that “expressive coordinated expenditures made at the

²⁰ The Victory Fund is subject to a \$1,000 contribution limit per election because it does not qualify as a multicandidate committee. *See* 2 U.S.C. § 441a(a)(4). Similarly, the Victory Fund is not affiliated with the State Party and thus would not share the State Party’s multicandidate status or its Section 441a(d) spending authority. *See* 2 U.S.C. § 441a(a)(5).

²¹ On November 30, 2000, the Commission approved a final rule concerning Coordinated General Public Political Communications. 65 Fed. Reg. 76,138 (December 6, 2000). The new regulation, codified at 11 C.F.R. § 100.23, became effective on May 9, 2001. *See* 66 Fed. Reg. 23,537 (May 9, 2001).

²² Although the Victory Fund registered as a party committee, it does not qualify as such. A party committee “means a political committee which represents a political party and is part of the official party structure at the national, State, or local level.” 11 C.F.R. § 100.5(e)(4). While the Victory Fund engages in activities in support of a particular political party, it does not play any part in the official party structure of the State of Illinois. Indeed, the Victory Fund itself states that it “had no relationship to the State Party.” Ex. 2B, Resp. #5. The State Party similarly denies any relationship to the Victory Fund. *See* Ex. 2D, Resp. #2. In fact, the State Party’s officers did not even “kn[o]w of the Victory’s Fund’s existence prior to the receipt of the Complaint in this matter.” Ex. 78, pp. 9-10.

1 request or the suggestion of the candidate or an authorized agent” would be considered
2 coordinated; and second, “absent a request or suggestion, an expressive expenditure becomes
3 ‘coordinated’ where the candidate or her agents can exercise control over, or where there has
4 been substantial discussion or negotiation between the campaign and the spender over, a
5 communication’s: (1) contents; (2) timing; (3) location, mode or intended audience (e.g., choice
6 between newspaper or radio advertisement); or (4) ‘volume’ (e.g., number of copies of printed
7 materials or frequency of media spots.”²³ *Id* at 92. The court also found that coordination might
8 be established if an individual had a certain level of decision-making authority for both the
9 spender and the campaign and the spender made the expressive expenditures to assist the
10 campaign. *Id* at 96-97.²⁴

11 The following analysis examines the consequences of the Victory Fund’s coordinated
12 expenditures with the Evans Committee under the premise that the two committees are not
13 affiliated. Under this scenario, the evidence shows that the Evans Committee received excessive,
14 unreported contributions from the Victory Fund beginning in 1998 and continuing through 2000.
15 The largest and most prominent of these coordinated expenditures were related to the Campaign
16 School. Other coordinated expenditures included payments for fundraising expenses,
17 consultants, and voter lists.

²³ In devising its legal standard for coordination, the court drew a distinction between “‘expressive,’
‘communicative’ or ‘speech-laden’ coordinated expenditures” which are subject to the highest form of First
Amendment protection and situations in which the spender finances “non-communicative materials” for a
candidate’s campaign *Christian Coalition*, 52 F Supp 2d at 85, fn 45 The court made explicit that its standard
only applied to expressive coordinated expenditures *Id* at 91

²⁴ In *Christian Coalition*, the court also rejected the assertion that “express advocacy” was required for expenditures
to be considered coordinated *Christian Coalition*, 52 F Supp 2d at 87-89 The district court stated that “importing
the ‘express advocacy’ standard into § 441b’s contribution prohibition would misread *Buckley* and collapse the
distinction between contributions and independent expenditures in such a way as to give short shrift to the
government’s compelling interest in preventing real and perceived corruption that can flow from large campaign
contributions ” *Christian Coalition*, 52 F Supp 2d at 88

A. Campaign School Expenditures

The record has established that the Victory Fund's hiring of SCG and the School's subsequent activities were accomplished in cooperation, consultation, and in concert with the Evans Committee. *See* 2 U.S.C. § 441a(a)(7)(B)(i). First, at Eric Nelson's suggestion, SCG offered the Victory Fund the same package of services that it had presented to the Evans Committee. *See* Nelson Tr. at 102-03. Second, SCG did not sign the contract with the Victory Fund until it received assurances that Rep. Evans supported the effort. *See* Ex. 2C, Resp. #5. Mr. Nelson's extensive involvement with the Victory Fund's decision to retain SCG in both 1998 and 2000 is discussed in previous sections of this Brief. *See supra*, pg 27. Therefore, absent Mr. Nelson's suggestion and Rep. Evans's assent, the Victory Fund would never have purchased SCG's professional services. Accordingly, the Victory Fund's expenditures to SCG were made at the "request or suggestion" of the Evans Committee. *Christian Coalition*, 52 F. Supp 2d at 92.

The Evans Committee's involvement with SCG did not cease once the Victory Fund signed a contract with SCG. To the contrary, once SCG began operations, Eric Nelson regularly spoke to SCG's field workers to discuss the Evans Committee's needs and how the employees could assist Rep. Evans's re-election campaign. *See* Nelson Tr at 193-98. In fact, SCG field organizers assisted with Rep. Evans's fundraising events and rallies on a weekly basis. *See id.* at 194-95. Although nonfederal candidates in the 17th Congressional District also benefited from the Campaign School, that assistance was incidental to an effort requested and controlled by the Evans Committee.

Information developed during the investigation has shown that SCG did not merely train volunteers, but provided a complete package of professional services. It developed detailed strategies to identify and mobilize voters, it hired and supervised employees (some of whom

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1 were salaried), it developed voter identification and persuasion scripts, and it paid all expenses
2 and salaries. *See* Exs. 4, 39, 40, 55. The Victory Fund paid for these specialized services as a
3 whole; SCG did not bill the Victory Fund for specific costs. From 1998 through 2000, the
4 Victory Fund reported disbursements to SCG totaling \$203,681. Additionally, the Victory Fund
5 disbursed over \$70,000 to lease various phone banks for the Campaign School to use²⁵

6 The Evans Committee claims that the Victory Fund's payments to SCG did not constitute
7 an expenditure on behalf of Rep. Evans because SCG's services constituted exempt party
8 activity. This contention is wrong for two reasons. First, the Act's provision for exempt
9 activities applies only to party committees and the Victory Fund does not qualify as a party
10 committee. *See* 2 U.S.C. § 431(8)(B)(x); 11 C.F.R. § 100.5(e)(4). Second, regardless of the
11 Victory Fund's status as a party committee, SCG's services could not constitute exempt activity
12 because (1) SCG is a commercial operation that utilized paid employees, (2) the payments to
13 SCG were not for campaign materials but for professional consulting services, and (3) SCG's
14 services were paid for in part with funds from national party committees, who provided over
15 \$25,000 to the Victory Fund between 1998 and 2000. *See* 11 C.F.R. § 100.8(b)(16)(iv) and (vii)

16 In sum, the evidence has shown that the Evans Committee used the Victory Fund to
17 purchase SCG's professional field services to benefit Rep. Evans. Beginning with the initial
18 contract negotiations and continuing throughout the campaign, the Evans Committee regularly
19 consulted with SCG about its field operations. Although some of the activities conducted by

²⁵ In response to the Commission's subpoena, the Victory Fund turned over hundreds of pages of phone bills addressed to individuals, local party organizations, and unions. Connie Engholm testified that the Campaign School would arrange to lease phone banks from these various organizations and the Victory Fund would pay these phone bills. *See* Engholm Tr. at 178-79. An examination of the Victory Fund's disclosure reports showed that its disbursements to telephone companies corresponded to the telephone bills. *See, e.g.,* Ex. 59 (AT&T phone bill dated 10/9/98, addressed to Pat O'Brien for \$1,449.38), Ex. 59A (Victory Fund's 1998 Pre-Election Report, itemizing a payment on 10/26/98 to AT&T for \$1,449.38), Ex. 61 (Verizon phone bill dated 10/10/00, addressed to the Henry County Democrats for \$861.42), Ex. 61A (Victory Fund's 2000 Post-Election Report, itemizing a payment on 10/30/00 to Verizon for \$861.42).

1 SCG benefited candidates other than Rep. Evans, these activities were part of an integrated effort
2 requested solely by the Evans Committee. *See* 11 C.F.R. § 106.1. Therefore, because the
3 Victory Fund's expenditures to SCG were made in cooperation, consultation, and in concert
4 solely with the Evans Committee, the entire amount constitutes an in-kind contribution from the
5 Victory Fund to the Evans Committee. Consequently, the Victory Fund's \$270,000 payments
6 for the Campaign School and for related services far exceeded its \$1,000 contribution limit.²⁶
7 *See* 2 U.S.C. §§ 441a(a)(1)(A), 441a(f).

8 Moreover, committees that benefit from in-kind contributions are required to report them
9 as both contributions and expenditures, which the Evans Committee failed to do.²⁷ *See* 2 U.S.C.
10 § 434(b); 11 C.F.R. § 104.13. Finally, because the Victory Fund used nonfederal funds to pay
11 SCG, and because a portion of those funds originated from prohibited sources, such as unions or
12 corporations, a portion of the in-kind contributions to the Evans Committee was made with
13 impermissible funds. *See* 2 U.S.C. § 441b. Given the Evans Committee's role in raising these
14 funds, it had actual knowledge of the prohibited sources that were being used to make the
15 expenditures that resulted in the in-kind contributions. Therefore, this Office is prepared to
16 recommend that the Commission find probable cause to believe that the Evans Committee
17 violated 2 U.S.C. §§ 441a(f), 434(b), and 441b.

²⁶ SCG billed its services as a whole, rather than for individual communications on behalf of the Victory Fund. Nevertheless, even if only a portion of the Victory Fund's expenditures were allocated to the Evans Committee, any such allocation would still far exceed the \$1,000 contribution limit because the Victory Fund spent nearly \$270,000 on SCG and related services between 1998 and 2000.

²⁷ The Victory Fund incorrectly reported its disbursements to SCG as generic voter drive activity. *See* 11 C.F.R. § 106.5(a)(2)(iv). SCG's services do not qualify as generic activity because the activities conducted by the School specifically mentioned Lane Evans and other clearly identified candidates. *See id.*, *see also* Ex. 2C, Resp. #3, Ex. 42.

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B. Other Expenditures

The Victory Fund also paid for a number of services, in addition to those received from SCG, that directly benefited the Evans Committee. These services include fundraising consultants, direct mail consultants, telephone calls, and voter lists, among other things. An investigation has revealed that many of these services were also coordinated with the Evans campaign. In fact, as detailed in the previous sections of this Brief, the Evans Committee was intimately involved with the financial and operational details of the Victory Fund.

In addition to Mr. Nelson's role as a de facto officer of the Victory Fund, the two entities shared numerous vendors who took direction for Victory Fund activities from the Evans campaign. Connie Engholm, the Victory Fund's treasurer, sometimes consulted with Mr. Nelson before making purchases for the Victory Fund. In short, the Evans Committee, through Eric Nelson, exercised decision-making authority over the Victory Fund by recommending vendors to the Victory Fund and by effectively dictating the type of activities undertaken by the Victory Fund to assist the Evans campaign.

Outside of SCG, one of the Victory Fund's largest coordinated expenditures was for the services of Mimi Alschuler, who served as the primary fundraising consultant to the Evans Committee. Eric Nelson suggested that the Victory Fund hire Ms. Alschuler in 1998. See 2 U.S.C. § 441a(a)(7)(B)(i); *see also* Nelson Tr. at 73-74. Once the Victory Fund hired Ms. Alschuler, Mr. Nelson regularly spoke with her about soliciting funds for both the Evans Committee and the Victory Fund. *Id.*

Ms. Alschuler's services to the Victory Fund and to the Evans Committee directly benefited Lane Evans's candidacy in several ways. First, without her services, the Victory Fund would not have had enough money to pay for activities that benefited Rep. Evans, such as the Campaign School. Second, Ms. Alschuler contacted donors who had contributed the maximum

1 allowable amount to the Evans Committee and informed them that they could still support Rep.
2 Evans by donating to the Victory Fund. Third, Ms Alschuler organized fundraisers for the
3 Victory Fund at which Rep. Evans spoke and gained further visibility. Indeed, Ms. Alschuler
4 regularly spoke with Eric Nelson about the Victory Fund's fundraising efforts, and Ms
5 Alschuler herself acknowledged that her work for the Victory Fund related to her work for the
6 Evans Committee. Thus, because Rep. Evans received something of value from the totality of
7 Ms Alschuler's combined fundraising efforts for both the Evans Campaign and the Victory
8 Fund, the \$41,000 in Victory Fund payments to Ms Alschuler between 1998 and 2000 should
9 have been reported as an in-kind contribution to the Evans Committee. *See* 2 U.S.C.
10 § 431(8)(A); 11 C.F.R. § 104.13.

11 Similarly, in 2000, the Victory Fund and the Evans Committee both contracted with
12 Compass Media Group to provide a variety of consulting services to the Victory Fund²⁸ In fact,
13 Compass Media provided a joint proposal to the Victory Fund and the Evans Committee touting
14 the benefits of using one firm for both projects: "The Compass Media Group is excited to offer
15 its services to the Friends of Lane Evans Committee and the 17th District Victory Fund. By
16 using one firm for both projects, you will be assured of unsurpassed attention from Compass
17 Media and its principals with unbeatable pricing." Ex 27 Therefore, the Victory Fund's
18 expenditures to Compass Media were made in cooperation, consultation, and concert with the
19 Evans Committee. *See* 2 U.S.C. § 441a(a)(7)(B)(i)

20 The Victory Fund disbursed \$37,882 to Compass Media Group in 2000, according to the
21 Victory Fund's disclosure reports. Like its expenditures to SCG, these disbursements were made

²⁸ Compass Media designed and produced direct mail for the Victory Fund, most of which constituted generic advocacy for the Democratic party and did not mention specific candidates *See* Exs 19, 20, 21, 36, 37 Nonetheless, Eric Nelson testified that the Victory Fund also produced mailers expressly advocating the election of specific candidates in 2000 *See* Nelson Tr at 243, 272 The Victory Fund failed to provide copies of all of its mailers to the Commission, so it is unknown how many expressly advocated the election of Rep Evans

1 solely on behalf of Rep. Evans. Also like its expenditures to SCG, the Victory Fund received a
2 package of professional services that benefited Rep. Evans's candidacy. Specifically, the
3 contract between the Victory Fund and Compass Media states that Compass agreed to:

- 4 • provide "overall campaign strategy and message development";
- 5 • develop budgets, timelines, and targeting strategy for print advertising, electronic
6 media, and direct mail;
- 7 • coordinate photo and television shoots in the district; and
- 8 • provide "consulting, design and fulfillment for any collateral materials (websites,
9 walk cards, etc.) or direct mail fundraising appeals. . ."

10 Ex. 34. Therefore, the Evans Committee received an excessive contribution of \$37,882 in the
11 form of the Victory Fund's coordinated expenditures to Compass Media. *See* 2 U.S.C. § 441a(f).
12 As with other expenditures, the Victory Fund used prohibited funds in part to pay Compass
13 Media. Thus, the Evans Committee also accepted a prohibited contribution from the Victory
14 Fund through these coordinated expenditures. *See* 2 U.S.C. § 441b.

15 The Victory Fund and the Evans Committee worked closely together with additional
16 vendors. For example, the Victory Fund paid QRS NewMedia \$435.00 to produce a recorded
17 telephone message by Rep. Evans that encouraged individuals to vote for him and the entire
18 Democratic ticket on Election Day. *See* Ex. 35. Likewise, the Victory Fund paid Government
19 Information Services \$1,825 for voter lists ordered by the Evans Committee in 1998. *See* Ex. 6;
20 Nelson Tr. at 267-69. These Victory Fund expenditures were coordinated with the Evans
21 Committee through Nelson, and provide a further basis for this Office's recommendation that the
22 Commission find probable cause to believe that the Evans Committee violated 2 U.S.C.
23 §§ 441a(f), 434(b), and 441b by accepting and failing to report excessive, in-kind contributions
24 from the Victory Fund. *See* 2 U.S.C. § 441a(a)(7)(B)(i).

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**VI. THE EVANS COMMITTEE RECEIVED EXCESSIVE, IN-KIND
CONTRIBUTIONS FROM THE ROCK ISLAND COMMITTEE**

The local Democratic Party in Rock Island County ("the Rock Island Committee") and its chairman, John Gianulis, were among the major players at the center of a coordinated campaign focused on re-electing Rep. Evans. In 1998, the Rock Island Committee sent out direct mail, produced and aired radio advertisements, ran newspaper advertisements, hired poll watchers and facilitated phone banks. The content of these activities ranged from generic support for the Democratic Party to express advocacy of the election of Rep. Evans and other named candidates. The Rock Island Committee conducted these activities through two separate bank accounts: one controlled by the Rock Island Committee's officers, and another controlled by Rock Island County candidates, called the "Rock Island GOTV Committee."

Because the Rock Island GOTV Committee was composed of candidates running for election in Rock Island County, and their representatives, it necessarily made expenditures "in cooperation, consultation, or concert, with, or at the request or suggestion of, a candidate, his authorized political committees, or their agents" 2 U.S.C. § 441a(a)(7)(B)(i). Furthermore, the investigation has shown that Eric Nelson, on behalf of Rep. Evans, was actively involved in these coordinated efforts by the GOTV Committee. Mr. Nelson regularly attended the meetings of the Rock Island GOTV Committee. Mr. Nelson also provided input about the content of the direct mail and other communications produced and distributed by the group, and voted on proposed communications. *See Nelson Tr.* at 135.

Furthermore, Mr. Nelson acknowledged that he specifically requested that Rep. Evans be featured in direct mail pieces produced and distributed by the GOTV Committee. *See Nelson Tr.* at 136-37. And because Rep. Evans was one of the largest single contributors to the account, Mr. Nelson had a disproportionate level of control over the activities of this committee. *See Ex.*

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48. Consequently, in 1998, a substantial amount of the Rock Island GOTV Committee's expenditures were directed toward activities specifically advocating the re-election of Rep. Evans.²⁹

Although the name of the Rock Island GOTV Committee may suggest that the candidate members were engaged in generic get-out-the-vote activities designed to get Democratic voters to the polls on Election Day, in 1998, many of the activities funded through this account expressly advocated the election of specific Democratic candidates, particularly Rep. Evans. The following activities conducted by GOTV Committee in 1998 did not qualify as exempt party activities under federal campaign laws, or generic party activities benefiting the entire ticket. *See* 11 C.F.R. §§ 106.5(a)(2)(iv) and 100.7(b)(16). Instead, as detailed in the following sections, these coordinated expenditures, which contained such express advocacy, constituted in-kind contributions to the specifically named candidates *See* 2 U.S.C. § 441a(a)(7)(B)(i).

A. Radio Advertisement

In 1998, the Rock Island GOTV Committee produced and aired a 30-second radio advertisement focusing almost exclusively on Lane Evans and his policy positions. *See* Ex. 10. The radio advertisement script is as follows:

For veterans in need of health care, he was there. For seniors, whose social security checks didn't come, he found them. For students needing a loan to stay in college, he went to bat. For sixteen years, Congressman Lane Evans has helped thousands of our families when times were tough and we needed a hand. Now he needs ours. Because Lane's fought for the rights of working families, the big corporations are spending tens of thousands to defeat him. Because he's taken

²⁹ The Rock Island Committee also distributed direct mail pieces in 2000 that clearly identified Rep. Evans. For example, one piece listed all of the Democratic candidates, including Rep. Evans, from the President to the Rock Island County Board, and urged, "With Democrats You Win! When You Vote and Elect." Ex. 29. Another direct mail piece gave instructions on how to send out for an absentee ballot, but also included a letter from John Gianulis, which stated, "From Al Gore and Joe Lieberman to Lane Evans and our area candidates, Democrats are fighting for key issues." Ex. 28. While each of these two mailers resulted in expenditures by the Rock Island Committee, this Brief makes no recommendation for findings of probable cause against the Evans Committee relating to the Rock Island Committee's 2000 activities.

the side of patients and health professionals, the big insurance interests are out to get him. Because he stood up to Newt Gingrich's extreme agenda in congress, he's become Gingrich's number one target in this election. But all their money and negative commercials can't defeat Lane. Only we can by not bothering to vote. On November third come out and vote for Congressman Evans and the entire Democratic ticket Lane's always stood up for us, so let's stand up for him.

Ex. 10 (emphasis added).

According to the Rock Island Committee's state disclosure report, a total of \$9,262 was paid to media consultant Axelrod and Associates to produce and air the advertisement. Expenditures made on behalf of more than one clearly identified candidate must be attributed to candidates based on the space and time devoted to each candidate as compared to the total space and time devoted to all candidates. See 11 C.F.R. § 106.1(a)(1). Accordingly, because the radio advertisement is almost exclusively focused on Rep. Evans, with less than five seconds (8% of the total time) likely spent urging listeners to vote for the entire Democratic ticket, 92%, or \$8,521.04 of the advertisement constitutes an in-kind contribution to Rep Evans.

B. Direct Mail

The Rock Island GOTV Committee also sent out two separate direct mail pieces expressly advocating that voters vote for Lane Evans. See Exs. 7 and 8.

The first mailer includes a large picture of Rep Evans talking to an elderly couple. See Ex. 8. Below the picture are quotes from four local candidates commenting on his legislative policies and positions on issues affecting senior citizens. At the very bottom of the two-page mailer it states, "This election is too important to stay home on Tuesday, November 3rd. Vote for Congressman Lane Evans and the entire Democratic ticket " *Id* This exhortation is followed by a list of members of the Rock Island GOTV Committee (including Rep Evans), and a disclaimer stating the mailer was paid for by the Rock Island GOTV Committee See *id* Based on the disclosure reports and the committee's bookkeeping records, the total costs involved in

1 producing and distributing the first direct mail piece were approximately \$5,769.70.³⁰ As with
2 the radio advertisement, this direct mail piece is almost exclusively focused on Rep. Evans;
3 therefore, 90%, or \$5,192.73, of the communication constitutes an in-kind contribution to Rep
4 Evans. See 11 C.F.R. § 106.1(a)(1).

5 The second mailer produced and distributed by the GOTV committee in 1998 also
6 specifically urged voters to vote for Rep. Evans. See Ex. 7. The advertisement states, "The
7 Republicans are betting that you and your family will stay home on election day." Below this
8 statement is a picture of a pair of dice, and below that the advertisement states, "THEY LOSE!!
9 The Stakes are Too High For Us Not To Vote November 3rd. Record Low Unemployment –
10 Lower Crime Rates. Quality Health Care For All Americans. Lower Taxes for Working Men
11 and Women. Quality Education For Our Children." The advertisement concludes, "Vote for
12 Congressman Evans and the entire Democratic ticket." *Id.* Again, this exhortation to vote for
13 Lane Evans is followed by a list of members of the Rock Island GOTV Committee (including
14 Rep. Evans), and a disclaimer stating that the mailer was paid for by the Rock Island GOTV
15 Committee. The total costs involved in producing and distributing this direct mail piece is
16 approximately \$5,769.70. Unlike the radio advertisement and the first direct mail piece, this
17 piece equally supports the party ticket and Rep. Evans; therefore, at least 50%, or \$2,884.85 of
18 the expenditures related to the communication constitute an in-kind contribution to Rep Evans.
19 See 11 C.F.R. § 106.1(a)(1).

³⁰ This amount is derived from \$3,560 in postage, \$2,029.70 in printing costs, and \$180 for voting list and label costs. The voting list and label costs for this piece were derived by taking the total amount the Committee paid for these lists during the 1998 campaign cycle (\$720), and dividing by the number of direct mail pieces that committee put out that year (four). Similarly, the \$2,029.70 in printing costs was derived by taking the total amount of printing costs that most closely correspond to the mailer (\$4,059.70) and dividing it by the number of mail pieces sent out at that time (two).

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1 **C. Newspaper Advertisement**

2 In 1998, the Rock Island GOTV Committee also ran two-page newspaper advertisement
3 urging voters to support Lane Evans. *See* Ex. 9. The first page of the advertisement is a picture
4 of Lane Evans's face and the words "Lane Evans" above his picture. *Id.* The words below the
5 picture say, "He's More Than a Congressman: He's a Friend of the Family." *Id.* On the second
6 page, a large portion of the page discusses Rep. Evans's legislative accomplishments on various
7 issues, including jobs, health care, and Social Security. The second page also includes a
8 statement from Rep. Evans which states, in part, "I want to build on our work and with your vote
9 on November 3rd, we will continue to build for our future." Beneath that message, the
10 advertisement urges voters to "Vote for Congressman Evans and the entire Democratic ticket."
11 Ex. 9. The bottom of the page lists the other Democratic candidates running in Rock Island
12 County as well as the members of the Rock Island County GOTV Committee, including Rep.
13 Evans.

14 According to the committee's records, at least \$1,303 was spent placing the
15 advertisement in the local paper, the Argus/Dispatch. *See* Ex. 48 at 3. Approximately seven-
16 eighths of the two-page advertisement is exclusively focused on Rep. Evans, therefore 87%, or
17 \$1,133.61, of the expenditures related to the communication constitutes an in-kind contribution
18 from the Victory Fund to the Evans Committee.

19 **D. Conclusion**

20 The following chart summarizes the total expenditures that constitute in-kind
21 contributions from the Rock Island Committee to the Evans Committee in 1998.

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<u>Activity</u>	<u>Related Expenditures</u>	<u>% Allocation</u>	<u>In-Kind Contribution</u>
Radio Advertisement	\$9,262.00	92%	\$8,521.04
Senior Citizen Direct Mail	\$5,769.70	90%	\$5,192.73
Gambling Direct Mail	\$5,769.70	50%	\$2,884.85
Newspaper Advertisement	\$1,303.00	87%	\$1,133.61
		<u>TOTAL</u>	\$17,732.23

1 Since the radio advertisement, direct mail pieces and newspaper advertisement
2 specifically mention Lane Evans, this would not constitute generic party activity. *See* 11 C.F.R.
3 § 106.5(a)(2)(iv). Moreover, general public political advertising, including radio advertisements,
4 direct mail and newspaper advertisements, does not qualify as exempt activity. *See* 11 C.F.R.
5 § 100.7(b)(15)(i). As a result, the Evans Committee accepted at least \$17,732.23 of in-kind
6 contributions from the Rock Island Committee in 1998. Of this amount, at least \$16,732.23
7 exceeded the Rock Island Committee's \$1,000 contribution limit. *See* 2 U.S.C.
8 § 441a(a)(1)(A).³¹ In addition, the Evans Committee failed to report any of these contributions.
9 *See* 2 U.S.C. § 434(b); 11 C.F.R. § 104.13. In addition, the Rock Island Committee paid for the
10 coordinated expenditures using funds from prohibited sources, such as unions. *See* 2 U.S.C.
11 § 441b. Therefore, this Office is prepared to recommend that the Commission find probable
12 cause to believe that the Evans Committee violated 2 U.S.C. §§ 441a(f), 434(b) and 441b.

³¹ The State Party has stated that it did not designate its Section 441a(d) authority to make coordinated expenditures to the Rock Island Committee *See* Ex 2D, Resp #12 Further, the Rock Island Committee claims to be unaffiliated with the State Party and thus would not share the State Party's contribution limits or coordinated expenditure authority *See* 2 U S C § 441a(a)(2)(A) and (d)

VII. THE EVANS COMMITTEE FAILED TO REPORT ITS BANK ACCOUNTS TO THE COMMISSION

The Evans Committee failed to report all banks it used in 1998, as required by the Act.

See 2 U.S.C. § 433(b)(6). The Evans Committee maintained accounts at three different banks:

American Bank and I.H. Mississippi Valley Credit Union, both in Rock Island, Illinois; and

Norwest Bank in Sioux Falls, South Dakota. *See* Ex. 2, Resp. #11; Nelson Tr. at 48-50. Yet the

Evans Committee never reported the Norwest Bank account, which was used for telemarketing

expenses, to the Commission. *See* Ex. 13. Therefore, this violation provides another basis for

this Office's recommendation that there is probable cause to believe that the Evans Committee

violated 2 U.S.C. § 433.

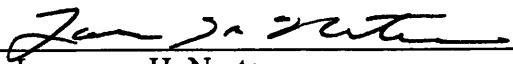
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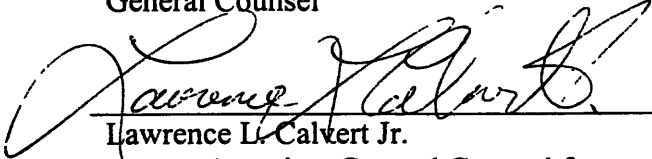
VIII: GENERAL COUNSEL'S RECOMMENDATION

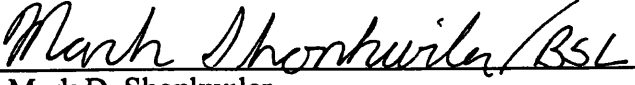
1. Find Probable Cause to believe that Friends of Lane Evans and Samuel M. Gilman, as treasurer, violated 2 U.S.C. §§ 441a(f), 433, 434, and 441b.

Date


8/4/03


Lawrence H. Norton
General Counsel


Lawrence L. Calvert Jr.
Deputy Associate General Counsel for
Enforcement


Mark D. Shonkwiler
Assistant General Counsel


Brant S. Levine
Attorney


Kathleen M. Dutt
Attorney

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1997-1998 Excessive and Prohibited Contributions

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Admiral Lodge 2063	\$250.00	VF-Nonfed	10/15/97			
Admiral Lodge 2063	\$500.00	VF-Nonfed	6/19/98	\$750.00		\$750.00
AFL-CIO COPE	\$2,500.00	Evans-Primary	6/24/97			
AFL-CIO COPE	\$2,500.00	Evans-General	12/18/97			
AFL-CIO COPE	\$2,000.00	Evans-General	3/26/98			
AFL-CIO COPE	\$3,000.00	Evans-General	6/26/98			
AFL-CIO COPE	\$5,000.00	VF-Fed	10/27/98			
AFL-CIO COPE	\$5,000.00	VF-Nonfed	10/27/98	\$20,000.00	\$10,000.00	
American Federation of .. PEOPLE	\$5,000.00	Evans-Primary	2/28/97			
American Federation of ... PEOPLE	\$5,000.00	Evans-General	12/15/97			
American Federation of ... PEOPLE	\$5,000.00	VF-Fed	8/13/98	\$15,000.00	\$5,000.00	
Assoc. of Trial Lawyers	\$5,000.00	VF-Nonfed	8/6/98			
Assoc. of Trial Lawyers of America, PAC	\$1,000.00	Evans-Primary	9/11/97			
Assoc. of Trial Lawyers of America, PAC	\$1,000.00	Evans-Primary	10/9/97			
Assoc. of Trial Lawyers of America, PAC	\$3,000.00	Evans-Primary	12/18/97			
Assoc. of Trial Lawyers of America, PAC	\$1,000.00	Evans-General	2/12/98			
Assoc. of Trial Lawyers of America, PAC	\$4,000.00	Evans-General	3/12/98	\$15,000.00	\$5,000.00	

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Carpenters Legis Improvement	\$5,000.00	Evans-Primary	10/8/97			
Carpenters Legis Improvement	\$5,000.00	Evans-General	4/22/98			
Carpenters Legis Improvement	\$5,000.00	VF-Fed	10/19/98	\$15,000.00	\$5,000.00	
Chicago Federation/Labor & IUC	\$1,000.00	VF-Nonfed	10/26/98	\$1,000.00		\$1,000.00
Comm. On Letter Carriers	\$1,000.00	Evans-Primary	9/29/97			
Comm On Letter Carriers	\$4,000.00	Evans-Primary	12/15/97			
Comm On Letter Carriers	\$5,000.00	Evans-Primary	3/9/98			
Comm On Letter Carriers (NALC-COLCPE)	\$5,000.00	VF-Fed	9/15/98	\$15,000.00	\$5,000.00	
Democratic National Committee	\$15,000.00	VF-Nonfed	1/15/98	\$15,000.00		\$15,000.00
Electrical Workers Local #145	\$500.00	VF-Nonfed	1/26/98			
Electrical Workers Local #145	\$500.00	VF-Nonfed	6/19/98	\$1,000.00		\$1,000.00
Eychaner, Fred	\$10,000.00	VF-Nonfed	10/31/97			
Eychaner, Fred	\$10,000.00	VF-Nonfed	6/8/98			
Eychaner, Fred	\$1,000.00	Evans	9/28/98	\$21,000.00	\$19,000.00	
Heartland Council of Carpenters	\$2,500.00	VF-Nonfed	7/28/98	\$2,500.00		\$2,500.00
Hendrickson, Ronald	\$1,000.00	Evans-Primary	6/23/97			
Hendrickson, Ronald	\$1,000.00	Evans-General	3/7/98			

1997-1998 Excessive and Prohibited Contributions

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Hendrickson, Ronald	\$250.00	VF-Fed	7/27/98	\$2,250.00	\$250.00	
Human Rights Campaign Fund PAC	\$2,500.00	Evans-General	5/6/97			
Human Rights Campaign Fund PAC	\$1,000.00	Evans-Primary	12/12/97			
Human Rights Campaign Fund PAC	\$1,500.00	Evans-Primary	2/5/98			
Human Rights Campaign Fund PAC	\$500.00	Evans-General	5/29/98			
Human Rights Campaign Fund PAC	\$2,000.00	Evans-General	6/9/98			
Human Rights Campaign Fund PAC	\$2,500.00	Evans-General	8/6/98			
Human Rights Campaign Fund PAC	\$5,000.00	VF-Fed	10/8/98	\$15,000.00	\$5,000.00	
I.A.F. F.I.R.E. PAC	\$1,000.00	Evans	6/27/97			
I.A.F. F.I.R.E. PAC	\$1,000.00	Evans	12/17/97			
I.A.F. F.I.R.E. PAC	\$3,000.00	Evans	3/6/98			
I.A.F. F.I.R.E. PAC	\$2,500.00	Evans	5/5/98			
I.A.F. F.I.R.E. PAC	\$2,500.00	Evans	10/6/98			
I.A.F. F.I.R.E. PAC	\$5,000.00	VF-Nonfed	10/12/98	\$15,000.00	\$5,000.00	
IBEW Educational Committee	\$250.00	VF-Nonfed	9/15/97			
IBEW Educational Committee	\$2,500.00	VF-Nonfed	10/8/98			
IBEW Educational Committee	\$250.00	VF-Nonfed	10/19/98	\$3,000.00		\$3,000.00

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Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
IBEW-Comm. For Responsible Gov't	\$200.00	VF-Nonfed	9/15/97	\$200.00		\$200.00
IFT - COPE	\$10,000.00	VF-Nonfed	7/1/98	\$10,000.00		\$10,000.00
ILLINOIS Laborers Leg. Committee	\$5,000.00	VF-Nonfed	7/15/98	\$5,000.00		\$5,000.00
ILLINOIS PipeTrades PEF	\$1,000.00	VF-Nonfed	7/28/98	\$1,000.00		\$1,000.00
ILLINOIS Political Active Letter Carriers	\$1,000.00	VF-Nonfed	7/15/98	\$1,000.00		\$1,000.00
ILLINOIS State Conf. of IBEW	\$200.00	VF-Nonfed	7/10/98	\$200.00		\$200.00
ILLINOIS Political Fund	\$5,000.00	VF-Nonfed	7/1/98	\$5,000.00		\$5,000.00
Internatl Electrical Workers	\$500.00	VF-Nonfed	8/13/98	\$500.00		\$500.00
Ironworkers Political Action League	\$2,000.00	Evans-Primary	4/22/97			
Ironworkers Political Action League	\$500.00	Evans-Primary	7/24/97			
Ironworkers Political Action League	\$2,500.00	Evans-Primary	9/22/97			
Ironworkers Political Action League	\$2,500.00	Evans-General	5/18/98			
Ironworkers Political Action League	\$2,500.00	Evans-General	5/18/98			
Ironworkers Political Action League	\$1,000.00	VF-Fed	10/8/98	\$11,000.00	\$1,000.00	
IUOE Local #649 PAC	\$500.00	VF-Nonfed	6/19/98	\$500.00		\$500.00
Laborer's #165	\$500.00	VF-Nonfed	8/6/98	\$500.00		\$500.00
Laborers Legis. Committee	\$2,000.00	VF-Nonfed	9/15/97	\$2,000.00		\$2,000.00

1997-1998 Excessive and Prohibited Contributions

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Laborer's Local #1274	\$250.00	VF-Nonfed	7/10/98	\$250.00		\$250.00
Laborer's Local #309	\$6,786.78	VF-Nonfed	9/25/98			
Laborer's Local #309	\$3,337.84	VF-Nonfed	10/19/98			
Laborer's Local #309	\$1,000.00	VF-Nonfed	10/23/98			
Laborer's Local #309	\$3,548.99	VF-Nonfed	11/10/98			
Laborer's Local #309	\$5,261.66	VF-Nonfed	12/7/98	\$19,935.27		\$19,935.27
Laborers' Local #393	\$200.00	VF-Nonfed	10/26/98	\$200.00		\$200.00
Laborer's Local #852	\$150.00	VF-Nonfed	10/27/98	\$150.00		\$150.00
Laborers' Political League	\$2,500.00	Evans-Primary	3/10/97			
Laborers' Political League	\$2,500.00	Evans-Primary	9/29/97			
Laborers' Political League	\$2,500.00	Evans-General	4/20/98			
Laborers' Political League	\$2,500.00	Evans-General	6/24/98			
Laborers' Political League	\$5,000.00	VF-Fed	9/15/98	\$15,000.00	\$5,000.00	
M.C.I.D.C. of PAC	\$2,500.00	VF-Nonfed	7/28/98	\$2,500.00		\$2,500.00
MacArthur, Solange	\$2,000.00	Evans	3/13/98			
MacArthur, Solange & Muller, Robert	\$5,000.00	VF-Nonfed	7/1/98			
MacArthur, Solange & Muller, Robert	\$10,000.00	VF-Nonfed	10/19/98			

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1997-1998 Excessive and Prohibited Contributions

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
MacArthur, Solange & Muller, Robert	\$30,000.00	VF-Nonfed	10/24/98	\$47,000.00	\$43,000.00	
Machinist Non Partisan Political League	\$5,000.00	Evans-Primary	6/20/97			
Machinist Non Partisan Political League	\$5,000.00	Evans-General	1/15/98			
Machinist Non Partisan Political League	\$5,000.00	VF-Fed	10/24/98	\$15,000.00	\$5,000.00	
Myers, Robert	\$500.00	Evans	7/28/98			
Myers, Robert	\$4,000.00	VF-Fed	8/6/98	\$4,500.00	\$2,500.00	
NCLC Laborer's PAC	\$5,000.00	VF-Nonfed	7/15/98			
NCLC Laborer's PAC	\$100.00	VF-Nonfed	10/19/98	\$5,100.00		\$5,100.00
Recording Industry Assoc. America Inc. PAC	\$1,000.00	VF-Nonfed	11/5/98	\$1,000.00		\$1,000.00
S.T.I.P.E.N.D. Teamsters #710	\$1,000.00	VF-Nonfed	10/27/98	\$1,000.00		\$1,000.00
Service Employees Internat'l Union	\$20,000.00	VF-Nonfed	8/13/98			
Service Employees Internat'l Union PAC	\$1,000.00	Evans-Primary	4/28/97			
Service Employees Internat'l Union PAC	\$1,000.00	Evans-Primary	10/23/97			
Service Employees Internat'l Union PAC	\$3,000.00	Evans-Primary	12/19/97			
Service Employees Internat'l Union PAC	\$5,000.00	Evans-General	6/23/98			
Service Employees Internat'l Union PAC	\$5,000.00	VF-Fed	8/13/98	\$35,000.00	\$25,000.00	
Steamfilters Local #353	\$500.00	VF-Nonfed	7/8/98	\$500.00		\$500.00

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Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Teamster's Local 705	\$5,000.00	VF-Nonfed	9/15/98	\$5,000.00		\$5,000.00
Trades & Labor c/o Labor Temple	\$1,000.00	VF-Nonfed	9/15/98	\$1,000.00		\$1,000.00
UAW - V - CAP (UAW Voluntary)	\$500.00	VF-Nonfed	12/13/97			
UAW - V - CAP (UAW Voluntary)	\$10,000.00	VF-Nonfed	5/8/98			
UAW-V-CAP (UAW Voluntary)	\$500.00	Evans-Primary	4/14/97			
UAW-V-CAP (UAW Voluntary)	\$4,500.00	Evans-Primary	5/23/97			
UAW-V-CAP (UAW Voluntary)	\$5,000.00	Evans-General	2/23/98	\$20,500.00	\$10,500.00	
United Food & Commercial Workers Active Ballot Club	\$1,000.00	Evans-Primary	2/13/97			
United Food & Commercial Workers Active Ballot Club	\$1,250.00	Evans	5/1/97			
United Food & Commercial Workers Active Ballot Club	\$1,250.00	Evans-Primary	5/1/97			
United Food & Commercial Workers Active Ballot Club	\$750.00	Evans-Primary	10/28/97			
United Food & Commercial Workers Active Ballot Club	\$750.00	Evans-Primary	10/28/97			
United Food & Commercial Workers Active Ballot Club	\$2,500.00	Evans-General	3/6/98			
United Food & Commercial Workers Active Ballot Club	\$2,500.00	Evans-General	3/6/98			
United Food & Commercial Workers Active Ballot Club	\$5,000.00	VF-Fed	10/27/98	\$15,000.00	\$5,000.00	
USWA Subdistrict #1 Council	\$350.00	VF-Nonfed	10/31/97	\$350.00		\$350.00
WES PAC	\$2,500.00	VF-Nonfed	9/21/98	\$2,500.00		\$2,500.00

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General Counsel's Brief

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Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Totals:	\$384,885.27	\$156,250.00	\$88,635.27			

1999-2000 Excessive and Prohibited Contributions

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
AFT #1836 BHCTU	\$750.00	VF-Nonfed	9/7/00	\$750.00		\$750.00
American Federation of .. PEOPLE	\$5,000.00	Evans-Primary	3/8/99			
American Federation of .. PEOPLE	\$5,000.00	Evans-General	6/24/99			
American Federation of ... PEOPLE	\$5,000.00	VF-Nonfed	8/8/00			
American Federation of . PEOPLE	\$5,000.00	VF-Fed	11/3/00	\$20,000.00	\$10,000.00	
Assoc of Trial Lawyers of America, PAC	\$1,000.00	Evans-Primary	5/7/99			
Assoc of Trial Lawyers of America, PAC	\$4,000.00	Evans-Primary	5/19/99			
Assoc. of Trial Lawyers of America, PAC	\$1,000.00	Evans-General	10/5/99			
Assoc. of Trial Lawyers of America, PAC	\$4,000.00	Evans-General	12/2/99			
Assoc of Trial Lawyers of America, PAC	\$5,000.00	VF-Fed	8/2/00	\$15,000.00	\$5,000.00	
Boilermakers Local 60 PAC	\$250.00	VF-Nonfed	8/21/00	\$250.00		\$250.00
Brick Layers #8 of Ill.	\$250.00	VF-Nonfed	8/4/00	\$250.00		
Carpenters Legis. Improvement	\$5,000.00	Evans-Primary	6/20/99			
Carpenters Legis Improvement	\$500.00	Evans-General	8/27/99			
Carpenters Legis Improvement	\$4,500.00	Evans-General	6/6/00			
Carpenters Legis Improvement	\$5,000.00	VF-Fed	11/3/00	\$15,000.00	\$5,000.00	
Carpenter's Local #189	\$250.00	VF-Nonfed	8/17/00	\$250.00		\$250.00

General Counsel's Brief

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Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Democratic CCC (Non-Federal Fund)	\$7,650.00	VF-Nonfed	10/16/00	\$7,650.00		\$7,650.00
Electrical Workers Local #145	\$1,000.00	VF-Nonfed	8/4/00	\$1,000.00		\$1,000.00
Eychaner, Fred	\$1,000.00	Evans	6/22/99			
Eychaner, Fred	\$1,000.00	Evans	6/22/99			
Eychaner, Fred	\$30,000.00	VF-Nonfed	7/7/00	\$32,000.00	\$30,000.00	
Friends of Lipinski II	\$1,000.00	VF-Nonfed	5/30/00			
Friends of Lipinski II	\$1,000.00	VF-Nonfed	10/16/00	\$2,000.00		\$2,000.00
Heartland Dist Council of Carpenters PAC	\$5,000.00	VF-Nonfed	9/1/00	\$5,000.00		\$5,000.00
IBEW Educational Committee	\$5,000.00	VF-Nonfed	5/30/00			
IBEW Educational Committee	\$1,500.00	VF-Nonfed	8/2/00			
IBEW Educational Committee	\$5,000.00	VF-Nonfed	8/17/00			
IBEW Educational Committee	\$1,000.00	VF-Nonfed	8/17/00			
IBEW Educational Committee	\$250.00	VF-Nonfed	8/21/00			
IBEW Educational Committee	\$1,000.00	VF-Nonfed	10/16/00	\$13,750.00		\$13,750.00
Illinois Federation of Teachers	\$10,000.00	VF-Nonfed	5/30/00	\$10,000.00		\$10,000.00
Illinois State AFL-CIO Committee on Political Education	\$5,000.00	VF-Nonfed	5/30/00	\$5,000.00		\$5,000.00
Internat'l Brotherhood of Electric	\$4,900.00	Evans-General	3/22/99			

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General Counsel's Brief

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Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Internati'l Brotherhood of Electric	\$2,000.00	Evans-General	3/30/99			
Internati'l Brotherhood of Electric	\$3,000.00	Evans-General	6/23/99			
Internati'l Brotherhood of Electric	\$100.00	Evans-Primary	1/22/99			
Internati'l Brotherhood of Electric	\$2,000.00	VF-Fed	11/13/00	\$12,000.00	\$2,000.00	
Ironworkers Local #386	\$250.00	VF-Nonfed	8/17/00	\$250.00		\$250.00
IUOE Local #649 PAC	\$5,000.00	VF-Nonfed	9/13/00	\$5,000.00		\$5,000.00
Labors Local #309	\$1,000.00	VF-Nonfed	9/1/00	\$1,000.00		\$1,000.00
Labors' Local #32 PAC	\$1,000.00	VF-Nonfed	10/16/00	\$1,000.00		\$1,000.00
Labors Local #393	\$250.00	VF-Nonfed	8/17/00	\$250.00		\$250.00
Larson, R W	\$5,000.00	VF-Fed	8/21/00	\$5,000.00	\$3,000.00	
Levine, Stuart	\$1,000.00	Evans-General	6/30/00			
Levine, Stuart	\$2,500.00	VF-Fed	7/3/00	\$3,500.00	\$1,500.00	
Machinist Non Partisan Political League	\$3,000.00	Evans-Primary	3/17/99			
Machinist Non Partisan Political League	\$2,000.00	Evans-Primary	9/20/99			
Machinists Non-Partisan Political League	\$5,000.00	VF-Nonfed	5/30/00			
Machinist Non Partisan Political League	\$5,000.00	Evans-General	6/14/00	\$15,000.00	\$5,000.00	
Mid-Central IL District Council of Carpenters Council PAC	\$2,500.00	VF-Nonfed	10/23/00			

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1999-2000 Excessive and Prohibited Contributions

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Mid-Central IL District Council of Carpenters Council PAC	\$2,500.00	VF-Nonfed	10/23/00	\$5,000.00		\$5,000.00
Midwest Regional Laborers' Political League	\$5,000.00	Evans-Primary	6/30/99			
Midwest Regional Laborers' Political League	\$2,500.00	Evans-General	5/30/00			
Midwest Regional Laborers' Political League	\$2,500.00	Evans-General	6/23/00			
Midwest Regional Laborers' Political League	\$5,000.00	VF-Fed	9/6/00	\$15,000.00	\$5,000.00	
Muller, Robert	\$2,000.00	Evans	12/29/99			
Muller, Robert	\$30,000.00	VF-Nonfed	9/15/00	\$32,000.00	\$30,000.00	
North Central IL Laborers Dist Council PAC	\$5,000.00	VF-Nonfed	10/16/00	\$5,000.00		\$5,000.00
NW IL Bldg & Const Trades Council PAC	\$250.00	VF-Nonfed	9/15/00	\$250.00		\$250.00
Operating Eng. Local #649 PAC	\$1,000.00	Evans-Primary	3/4/99			
Operating Eng. Local #649 PAC	\$1,000.00	Evans-Primary	7/1/99			
Operating Eng. Local #649 PAC	\$2,000.00	Evans	12/10/99			
Operating Eng Local #649 PAC	\$500.00	Evans-Primary	2/14/00			
Operating Eng Local #649 PAC	\$5,000.00	Evans-General	5/4/00			
Operating Eng Local #649 PAC	\$5,000.00	VF-Fed	6/20/00	\$14,500.00	\$4,500.00	
Operative Plasters & Cement Masons 18 PAC	\$1,000.00	VF-Nonfed	8/8/00			
Operative Plasters & Cement Masons 18 PAC	\$500.00	VF-Nonfed	10/27/00	\$1,500.00		\$1,500.00

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Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
PAC for a Change	\$1,000.00	Evans-Primary	6/25/99			
PAC for a Change	\$500 00	Evans	2/28/00			
PAC for a Change	\$500.00	Evans	2/28/00			
PAC for a Change	\$2,000 00	Evans	2/28/00			
PAC for a Change	\$2,000.00	Evans	2/28/00			
PAC for a Change	\$4,000 00	Evans-General	3/29/00			
PAC for a Change	\$1,000.00	VF-Fed	10/23/00	\$11,000.00	\$1,000.00	
PAC to the Future	\$1,000 00	Evans-General	6/29/99			
PAC to the Future	\$1,000.00	Evans-Primary	6/29/99			
PAC to the Future	\$1,000.00	Evans-General	10/29/99			
PAC to the Future	\$4,000 00	Evans-Primary	10/29/99			
PAC to the Future	\$3,000.00	Evans-General	3/3/00			
PAC to the Future	\$5,000.00	VF-Fed	10/23/00	\$15,000 00	\$5,000 00	
Plumbers & Pipe Fitters #25	\$500 00	VF-Nonfed	8/17/00	\$500 00		\$500.00
Plumbing Industry PAC	\$500 00	VF-Nonfed	6/20/00	\$500 00		\$500.00
R/SRI Democratic Comm	\$750 00	VF-Nonfed	8/17/00	\$750.00		\$750.00
SEIU Local #880 Political Fund	\$250.00	VF-Nonfed	9/15/00	\$250 00		\$250.00

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Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Service Employees Internat'l Union PAC	\$2,000.00	Evans-Primary	3/15/99			
Service Employees Internat'l Union PAC	\$2,500.00	Evans-Primary	6/28/99			
Service Employees Internat'l Union PAC	\$500.00	Evans-Primary	11/9/99			
Service Employees Internat'l Union PAC	\$5,000.00	Evans-General	6/20/00			
Service Employees Internat'l Union PAC	\$5,000.00	VF-Fed	10/30/00	\$15,000.00	\$5,000.00	
Steamfilters Local #353	\$500.00	VF-Nonfed	7/24/00			
Steamfilters Local #353	\$1,000.00	VF-Nonfed	10/20/00	\$1,500.00		\$1,500.00
Stone, Thomas/Tom	\$1,000.00	Evans-General	3/17/00			
Stone, Thomas/Tom	\$1,000.00	Evans-Primary	3/17/00			
Stone, Thomas/Tom	\$1,000.00	VF-Nonfed	10/16/00	\$3,000.00	\$1,000.00	
Trades & Labor Assembly	\$1,500.00	VF-Nonfed	9/13/00	\$1,500.00		\$1,500.00
Tri-City Bldg Trades	\$500.00	VF-Nonfed	10/23/00	\$500.00		\$500.00
UAW - V - CAP (UAW Voluntary)	\$5,000.00	VF-Nonfed	8/2/00			
UAW-V-CAP (UAW Voluntary)	\$1,000.00	Evans-Primary	3/29/99			
UAW-V-CAP (UAW Voluntary)	\$500.00	Evans-Primary	5/3/99			
UAW-V-CAP (UAW Voluntary)	\$3,500.00	Evans-Primary	6/25/99			
UAW-V-CAP (UAW Voluntary)	\$5,000.00	Evans-General	6/21/00			

1999-2000 Excessive and Prohibited Contributions

Concordance of Exhibits*

Exhibit	Description	FEC Bates Number	Respondents' Bates Number
1	Document Subpoena to the Evans Committee	n/a	n/a
2	Interrogatory Responses – Evans Committee	LE-00200 to 00205	n/a
2A	Interrogatory Responses – Rock Island Committee	RI-00201 to 00209	n/a
2B	Interrogatory Responses – Victory Fund	VF-00200 to 00216	n/a
2C	Interrogatory Responses – Strategic Consulting Group	SC-00100 to 00108	n/a
2D	Interrogatory Responses – Democratic Party of Illinois	SP-00200 to 00202	n/a
3	Initial Memo from SCG to the Victory Fund	VF-00518 to 00524	17D-000993 to 000999
4	1998 Contract between SCG and the Victory Fund	VF-00501 to 00502	17D-001000 to 001001
5	NAB Agreements for Television Advertisements	LE-00400 to 00402	LE-00018 to 00020
6	Invoice from GIS to the Victory Fund, Attn: Nelson	VF-00905	17D-001054
7	“Gambling” Mailer by Rock Island Committee	LE-00324 to 00325	LE-00190 to 00191
8	“Friend of the Family” Mailer #1 by Rock Island Committee	LE-00326 to 00327	LE-00192 to 00193
9	“Friend of the Family” Mailer #2 by Rock Island Committee	LE-00328/2 pages	LE-00194 to 00195
10	Rock Island/Knox County Radio Ad Scripts for 1998 & 2000	RI-00300 to 00301	RIC-00001 to 00002
11	Memo from Nelson to Evans re: Dem. County Chrmn's Ass'n	LE-00501	LE-00189
12	Memo from DCCC to the Victory Fund	VF-01200 to 01201	17D-000393 to 000394
13	Evans Committee Statement of Organization Amendment	n/a	n/a
14	Evans Committee Bank Statement with Gianulis as Treasurer	LE-00600 to 00601	LE-00095 to 00096
16	Evans Solicitation Letter to Fred	VF-01100	17D-000398
17	Nelson Union Solicitation Letter to Larry Atkins	VF-01101	17D-000406

* These exhibits were cited in the General Counsel's Brief and/or introduced during depositions

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Exhibit	Description	FEC Bates Number	Respondents' Bates Number
19	"School" Mailer by Victory Fund	LE-00329 to 00332	LE-00196 to 00199
20	"Dream" Mailer by Victory Fund	LE-00333 to 00334	LE-00200 to 00201
21	"Behind this Door" Mailer Victory Fund	LE-00343 to 00346	LE-00210 to 00213
22	Evans Fundraising Event on 7/13/98 – Letters/Invoice	VF-01600 to 01602	17D-001014 to 001016
23	Victory Fund Promotional Letter	VF-00300	17D-000408
24	SCG Promotional Brochure – Picture of Evans	SC-00717	n/a
25	1998 Phone Contract between SCG and Victory Fund	SC-00300 to 00303	n/a
26	Invoice from Channel 10 NBC-WGEM	LE-00409	LE-00007
27	Proposal by Compass Media to both Victory Fund and Evans Committee	VF-00604 to 00607	17D-000275 to 00278
28	Absentee Ballot Mailer by Rock Island Committee	RI-00302	RIC-00003
29	"With Dems You Win" Mailer by Rock Island Committee	RI-00303	RIC-00004
32	Victory Fund Solicitation from Evans to Don Turner	VF-01105 to 01106	17D-000438 to 00439
33	Solicitations from Evans to HRC – Eric Nelson	VF-01133	17D-000471
34	2000 Contract between Compass Media and Victory Fund	VF-00600 to 00603	17D-000271 to 000274
35	Invoice from QRS Newmedia to Victory Fund	VF-01003	17D-002675
36	"Kids" Mailer by Victory Fund	LE-00318 to 00319	LE-00182 to 00183
37	"3 Rs" Mailer by Victory Fund	LE-00320 to 00323	LE-00184 to 00187
38	Memo from Nelson to SCG re: Concerns	VF-00505 to 00506	17D-000269 to 00270
39	2000 Contract between SCG and Victory Fund	SC-00204 to 00206	n/a
40	2000 SCG Campaign School Field Plan	SC-01200 to 01209	GD-00030 to 00039
41	SCG Volunteer Voter ID Script for 2000	SC-00307	GD-00004
42	SCG Canvass Voter ID Script for 2000	SC-00312	GD-00009
43	Evans Form Constituent Letters	SC-01101 to 01111	GD-00046 to 00056

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Exhibit	Description	FEC Bates Number	Respondents' Bates Number
44	Victory Fund 2000 GOTV Phone Scripts by Officials	SC-00304 to 00306	GD-00001 to 00003
45	Script of Rock Island Committee GOTV Calls for 2000	SC-00318	GD-00015
46	SCG Wrap-up Memo from Dunn to Nelson and Evans	SC-00412	GD-00020
47	Rock Island Committee Response to the Complaint	n/a	n/a
48	1998 Rock Island GOTV Report	RI-00400 to 00402	RIC-00005 to 00007
51	2000 Rock Island GOTV Report	RI-00403 to 00405	RIC-00008 to 00010
54	SCG Welcome Letter from Genie Dunn	SC-00400 to 00401	n/a
55	SCG Memo from Morrison to Dunn re: Voter Targeting	SC-00402 to 00407	GD-00022 to 00027
56	Letter from Engholm to FEC Denying Affiliation	n/a	n/a
57	Letter from Engholm to FEC re: Como Inn Event	n/a	n/a
58	SCG Promo Material: "High Intensity Field Operations"	SC-00702 to 00706	n/a
59	Phone bill for Pat O'Brien/ATT for \$1,449.38	n/a	17D-001438
59A	Excerpt from Victory Fund 1998 12-Day Amended Pre-Election Report Reflecting Payment to AT&T for \$1,449.38	n/a	n/a
60A	Excerpt from Victory Fund 2000 Amended Oct. Quarterly Report Reflecting Payment to Gallatin for \$486.38	n/a	n/a
61	Henry County/Verizon Phone bill for \$861.42	n/a	17D-002676
61A	Excerpt from Victory Fund 2000 30-day Post Election Report Reflecting Payment to Verizon for \$861.42	n/a	n/a
64	Letter from Engholm to FEC re: Como Inn Event with Attachments	n/a	n/a
65	State Party 2000 Coordinated Campaign Plan	SP-00300 to 00304	n/a
66	Kilbride Campaign Plan	SP-00608	n/a
67	Kilbride Post-Campaign Memo	SP-00638 to 00653	n/a
72	SCG "Countdown to Victory" Flyer	SC-00413	GD-00021
73	Evans Committee Response to the Commission's Reason to Believe Findings	LE-00100 to 105	n/a
73A	Victory Fund Response to the Commission's Reason to Believe Findings	VF-00100 to 00109	n/a

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Exhibit	Description	FEC Bates Number	Respondents' Bates Number
74	SCG Memo re: Voter Registration dated 8/29/00	SC-00409 to 00411	GD-00043 to 00045
75	Victory Fund Solicitation Letter by Evans to Steve Neal	VF-01132	17D-000470
78	State Party Response to the Commission's Reason to Believe Findings	SP-00100 to 00110	n/a
79	SCG Brochure Quoting Evans: "fight of my life"	SC-00722	n/a
80	State Party Constitution	SP-01301 to 01311	n/a
81	Association of County Chairs Constitution	SP-01401 to 01408	n/a

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